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A Study of Financial Conditions Now Prevalent

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By
George Otis Draper

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PREFACE

As an introduction and explanation for those who lack acquaintance with the author or his writings, it may suffice to state that the views herein expressed were formulated during twenty years of industrial activity in connection with an equal number of productive organiziations, operating at various points between Eastern Canada and California. These have included the manufacture of several lines of machinery; several classes of textiles; articles of varied nature in finished product; also such industries as mining, quarrying and building. This present theorizing is therefore derived from practical experience in creation and investment. The knowledge thus obtained should have value — in view of its cost. Effective experience must include losses with the gains. The scarred scent danger sooner than the scatheless.

The majority of financial literature is written by men who have never made actual value in product, never handled material funds, never known the peril in large financial risks, the joy of substantial material success or the bitterness of severe financial loss. Many prominent space-writers have sought to win applause and reward by lurid condemnation

of what is already unpopular, using truth, perhaps, in untrue proportion, to please, deceive or confuse, according to their particular purpose. Many enlisted in a good cause court suspicion because of the special pleading which ignores the facts that crave an explanation, because such evidence might mar the argument chosen.

The author, as it happens, is not driven by necessity nor hungry for flattery. He is not an office-seeker. He has no personal interest in the problems under consideration outside his general interests as a producer and a citizen. He is committed to veracity to substantiate a reputation for truth-telling already assumed in previous literary ventures and is urged into the present field of effort simply because of the reticence of those who could serve self and country to better purpose. It is time that some one practical man should print his conclusions as an illustration of the business view of business conditions.

It is not necessary that we should believe the fit solutions for present problems to be either distant, complex, or incomprehensible. All human perplexities trace back to the origin of human impulse and are decipherable through study of associative desire. They merely require patient analysis, careful comparison and definite deduction. The truths disclosed may vex our vanity or antagonize our traditions, but we should accept them if we cannot disprove them. Truth never injured deserving individuals except in preparation for benefit.

Diseases often require a temporary pain in treatment before cure is possible. Those who are not aware that our financial system *is* diseased are curiously numb or notably non-observant.

Positive conclusions arouse discussion and clear the air. The writer is perfectly willing to receive enlightenment from careful criticism and hopes to excite intelligent comment. If critics reveal truth through their own exposure of error, this work will still have served a purpose.

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MORE

CHAPTER ONE

PRELIMINARY PERILS

MORE is the goal of Desire.

Desire energizes Evolution.

Evolution is a progress toward Perfection. It advances through knowledge toward happiness, developing more capacity as it employs more tools. Capacity is ever illustrated by an increase in the products demanded by desire, its active force craving exercise in accomplishment.

More knowledge should ever precede the gaining of pleasure, capacity or implements. Inexperience thinks to find happiness in excess of pleasure. The power of capacity may be wasted by the untaught. Tools often wound the amateur. Sudden prosperity, from use of many tools and some knowledge, has repeatedly injured development of character in race or individual. It is hardly more than a century since men multiplied their productive capacity by the

harnessing of other than animal energy for the turning of dirt, plant, flesh or fluid, into substances desirable. Nature in harness abundantly amplifies our feeble muscular energy. The plane of possibility is rising rapidly.

Uncommon wealth often destroys the weak and enervates the strong; its evils, however, are evils of use, easily eradicated by educated intellect. It were hardly complimentary to decide that the people produced by present civilization are unfit to profit promptly. We must confess that many of them seem unfit, but such will finally succumb through nature's plan of elimination. Some might be saved did they try to master but a little prosperity at a time.

We ought to grow so accustomed to surplus that we might ignore its cruder attractions, but surfeits suggest before they satiate. The world is striving, in mad rush and struggle, for better wages, higher salaries, larger profits and greater savings. Prevailing prosperity abnormally stimulates material desire by its very domination of presence. The wealthy can not escape the worldly influence of their enriched environment and the poor are often roused to anger by envious touch with things desirable.

Materialism crowds Idealism aside.

When value is more commonly applied to bulk there is less regard for the ethereal virtues. Character is not a commodity. A growing rapacity of rich and poor alike has lessened esteem for honor,

honesty and patriotism; of this there can be no question — the proofs are too plenty.

The fault lies in the conditions.

The world is not used to overmuch prosperity; it can not promptly meet the problems introduced by unaccustomed surplus. All must share in the responsibility for providing adequate methods for correction of prevailing abuses. We can not always escape epidemics, but we can certainly prevent the intermittent evils from becoming chronic.

The chronic evils of finance anticipate reactions which will surely injure material and ethical advancement if the cure be unwisely chosen. Those who have nothing can lose with the rest, since destruction of value makes vacancies in employments and scarcity in chances. The general demoralization of loss lowers the hope, pride and power of the community as a unit. There is often loss in well intentioned attempts at betterment; the possibilities of change should be carefully forecasted.

CHAPTER TWO

DIAGNOSIS OF ELEMENTARY ASSOCIATES

MORE is a measure of Value.

Value is not gauged by bulk, but rather by the relation of volume to demand — a multiplication of one by the other. If demand be zero, value is nil. Much of demand, applied to little of product, may create more value than small demand for great product. The highest total of value would arise from great demand supplied by great production.

In the economic interpretation, demand signifies effective desire — a want backed by possibility of purchase through exchange of labor or wealth. A demand for product already created does not necessarily stimulate further creation of product, for it may be satisfied with that which is already present. Neither does desire for more product increase permanent wealth if it be centred on quickly consumed produce. It is the desire for new products of slowly perishable nature that increases permanent wealth — and it logically follows that a desire for new utilities, which of themselves are capable of producing further utilities, will naturally approach the climax of possibility.

Since demand must be effective through association with possession of labor or wealth for exchange, its power varies in proportion to the quality and quantity of labor and wealth in ownership. Increase of intelligent population always increases the wealth of a community. The exchangeable wealth in possession assists further production of similar values, and since we use money as a convenience in trade, it is, of course, essential that money itself be sufficient in quantity to ease the process.

The services offered in exchange for products are naturally valued in proportion to demand for such services and it is demonstrable that they of themselves assist in further multiplication of wealth in proportion to their creative power and its fitness of application. We know that labor is multiplied in effect through use of tools and through wise guidance. The factors of muscle, skill, utensils and brains, all combine in determining the outcome. The absolute limit of production would be reached through employment of all available effort, using the best facilities that were possible.

The demand that is willing to trade its labor or wealth is based on desire for some return of benefit. The existence of a demand pre-supposes a knowledge of benefits. To increase demand and thus utilize labor and wealth, we must spread the knowledge of benefits through education and advertisement. We must suggest new interests, awaken curiosity and create new habits. It might even be possible to invent some good habits.

Both wealth for exchange and tools for assistance are evidence of effort applied in creating surplus of product or imperishable product. Neither wealth, labor or tools can create new wealth faster than demand increases, for wealth is measured by value and value arises from demand.

Take careful note that value is not a measure of merit — it merely measures the degree of appreciation current at the time. We can increase the value of worthy products by educating an appreciation of true worth.

In order to induce the application of effort or the giving up of possessions in exchange, it is necessary to make the benefit proffered in the trade sufficiently attractive. Since money serves as go-between, it is necessary to make wages, salaries, profits and prices seem sufficient, and they will naturally seem the more desirable as they become comparatively greater. This principle only applies, however, to such as have a capacity to enlarge their desires. That capacity is by no means universal. If the benefit offered is proved to be insufficient, in view of the value exchanged, a re-active sense of injury makes effort sluggish and harmony impossible, reducing the total benefits for all. Men will not exert their full powers to profit others.

If we are to aim at more true benefits for all entitled to them, we must correctly educate desire, promptly adopt proper processes, supply sufficient media for exchange and distribution of products, be liberal in encouragement of labor, and unite human

energy and purpose in a willingness to be creative and mutually helpful. Such plain and simple advice seems trite and unnecessary, but the majority of people do not appear to realize why possible recognition is ineffective. It is because the desire that should spur creativeness *centres instead on the products already produced*, sanctioning such course by questioning the present ownership, thus using energy attempting to correct rather than create. If present ownership is open to criticism we should certainly allow examination. We should not necessarily assume that the mere fact of ownership is in itself suspicious, yet it were well, before striding onward, to stop and analyze the true relation of present possessors to present possessions.

CHAPTER THREE

THE ETHICS OF OWNERSHIP

SOME get their wages, or profits, by earning, or making.

The rest get some of what is thus made, or earned.

For at least four thousand years human labor has been applied to positive advantage in the production of wealth which still possesses value. The world is wealthier now than ever before. Each new-born infant counts an equal number of ancestors and thus might naturally hope to have a share in this accumulation. The average child is fortunate, however, if its parents have not drained its vitality in advance, to say nothing of wasting its possible property. It grows up into a sphere of inequality, naturally aspiring to have what others have and holding others responsible because they retain their advantage. What wonder that in its immaturity of logic it plans, at times, to take its supposed share?

But the more fortunate were possibly more careful in the selection of ancestry. It would not seem sensible to inject disease-germs into the veins of a healthy baby because other infants suffered from the vices of parents, and it is no more logical to propose

that a difference in material advantages should be forcibly harmonized. Each child that lives to an age of usefulness has drained from the profits of parents, or public, to pay for its living. It starts as a debtor and should be thinking of repayment rather than despoliation. Could it prove that any one withheld the donation of some earlier producer of wealth, it could properly protest; but the proofs are not easy. It already shares in the vast public resources controlled by its government. It is given a free education at great expense. It shares in the recorded knowledge bequeathed by centuries of brains. In our country, if male, it will not only acquire the right when mature to direct use of public funds through self-chosen officials, but an equal right to raise more funds and even take them from the very possessors who awaken envy or criticism.

Why then does it not do so? Simply because it must unite with itself a sufficient majority and the majority has discovered that any flagrant attack on the rights of those who own property results in the stopping of industry and the lessening of earnings. It knows that if we stopped making wealth the surplus on hand would last only a few months. It is necessary to keep on producing and not hamper those who govern the means.

The one new-born may say then, "Very well, let me produce!" but none may proffer opportunity. The land all belongs to others; there is no chance to earn except by getting employment. It may happen that there is no employment offered. Thousands

may be loafing, restless and longing, eager to work, anxious to earn. These hordes may turn to the people and say, "You have made laws that have given you the land, give us chance to work on it! You have the mines and the shops, give us a chance to work in them! If we can not earn, we shall take; and it will cost you more to jail us and feed us than it will to employ us!"

They will be perfectly correct. If a man can earn two dollars a day by producing more than two dollars of value, it is poor economy to let him idle and take the two dollars, with which to feed and shelter him, out of the public funds which are drained from many pockets. It is thus evident that it is for the good of the state, the people and the individual, to recognize the right of the willing worker to be useful. It is evident that the state and the people should therefore encourage those who provide employment.

A surplus of wealth was an unknown quantity until the day when some of superior knowledge supervised the energies of those willing to recognize and profit by guidance. In order to have many men work in harmony it is essential that they obey the dictates of some leader. Out of the process of employment, those of superior ability have often acquired notable surplus, and the envy aroused by such surplus has led to a questioning of the ethics involved in the process.

Some one must make surplus or we have no progress.

Give the workers free access to land, with employers, or no employers, and what will they do without funds with which to build barns, buy cattle, seeds, fertilizers and tools? There is hardly a section of our country where its present population could exist without the facilities made possible only through accumulation of surplus by some ones at some times. These accumulations could only have been made by those who got more than they needed to consume. Spread the profits of production over the entire mass of the employed and there is no guarantee that they will save anything.

The employers cannot force employees to work for them. They must certainly plan to earn enough through them to pay the wages agreed on, and common sense dictates that they plan to make enough of a surplus to provide against contingencies. If events are favorable there will be a profit. Should it be divided amongst the employees? suppose there be a loss, — will the employees pay back from their wages already received?

They will not, for they never have and probably never can. They spend their wages; they want to have the privilege of spending them. Since they have this security, they should allow the employer to enjoy a fair profit when he gets it. The competition of other employers will prevent any abnormal excess, in the majority of instances. The employees have the right to say what they will work for, and the employer an equal right to say what he will pay. Each must yield somewhat in order that there shall

be work accomplished. In the general conditions and circumstances the rights of both are fairly apportioned.

Since it is the employer who has made increase of population possible, it is to the employer that the new born must look for the means of existence. The new born should recognize the importance of encouraging employers to spread out and be ambitious; but the new born are young, inexperienced and often conceited. They can not conceive how others can profit except at their expense. Instead of honoring the employer who protects their welfare with his own, they often cultivate a secret envy and encourage indirect antagonism. This is sometimes hastened through the youth, inexperience or conceit of the employers. Human faults are widely distributed.

The employers of to-day are usually corporations, or firms, whose earnings are easily computed. The totals as shown by surplus products serve as a check on the reckoning. It is thus figured that the average business, and the average investment in business, pays an average of but five per cent on the actual capital invested over an average of years if a proper reserve be accumulated for depreciation. The similar showing, compared with total wages, would be about the same, since the value in products of civilization is based largely on human labor, and the general competition of investment evens the returns of varied applications. If employers average to retain only five per cent of the earnings available for wages they can not pay more than that five per

cent as extra wages. Is it advisable for laborers to disrupt the entire fabric of commerce for a possible five per cent gain?

Certain divisions of wage-earners may object to this general statement, claiming that they can cite trades in which laborers have forced permanent increase in wages of ten, twenty or forty per cent, which must have come out of employers' profits — but their deduction is not necessarily as true as the fact. The employers probably paid the higher wages by getting higher prices for products; and as laborers purchase the bulk of all products, they lost most of the supposed gain when purchasing.

When brick-layers force a higher price for the laying of bricks, they make all brick buildings more expensive and force up the rents which are paid for these buildings. Even if they do not themselves live in those particular buildings, they are affecting the wages of labor in the mass; for brick stores will charge more for things sold and brick mills for things made. Laborers who pay higher rents will demand higher wages in their own employments and increase the price of the things made by their labor. It all works out uniformly in the end. The short spasms of benefit are counteracted by long periods of loss through many indirect channels. Men do not get higher wages by receiving more dollars, if the dollars buy less.

Were the issue only between the wealth-making employer and his employees, it were easily settled; but the problem is hardly so simple. Aside from

those who work and wish for proper pay, there are hordes who aim to avoid work and live on others' pay. Some of these are ragged and openly dangerous; some are well clad, prosperous, and more dangerous.

The old saying that the world owes men a living is mere drivel. It owes some men a living, since they have earned it, but the very definition of debt demands an equivalent. All who exist have had a living; for they exist. The clamorous probably want more than a living, possibly some of somebody else's living!

Too many of them get it after giving the world nothing but annoyance. The rest pay for their keep. Those who do not produce wealth must live on those who do. How foolish of those in different divisions of producers to fight each other while they all lose through these rejoicing outsiders! We must have sufficient patience to study and detect the cause of this evil and energy enough to remedy the error. We probably do not trace backward to original sources. We find it simple to raise our voices over some new glaring fault, but do not think of questioning unethical conditions which have been shedding injustice since the Sphinx was chiseled.

The man who is making wealth through employment of others is out in the lime-light where his profits are easily figured by practical associates and easily exaggerated by imaginative outsiders. He excites the envy of the unfortunate much quicker than the quiet owner of inactive property, who may

be deriving much greater income through more questionable channels. We should revise public opinion to throw the bulk of suspicion from those who make wealth by employing labor to those who get it through no waste of personal energy, no associative bettering of others.

A man owns what he makes, after paying a proper per cent to those who furnished him with the means for making. He also owns what another gives him, if that other while sane and sober freely consents to the transfer and is not influenced by false representations. A man also owns a fair proportion of what another makes through his advice, direction or assistance. These are commonly accepted assertions — why should there be any misunderstanding of the conditions? It is, perhaps, because of the large wealth in the hands of those who manifestly have not earned it. All who possess, without having rendered an equivalent, do so at some one's expense; some one, or ones, have suffered an equal loss.

But the dead do not care. A great proportion of existing wealth is inheritance. If we sanction the giving away of property during life, it may certainly be given away by will, effective after death. The surplus collected and given by inheritance illustrates self-sacrifice and properly profits some one. If it pleases the owner to enjoy the pleasure of his family through gifts given, it is a matter in which outsiders have no proper concern.

There are many, not inheriting, who have large profit through no discoverable exercise of effort.

There are others who apply effort that is not productive nor necessary, and yet they profit. There must be some ways by which the earners lose, since there are many varieties of non-earners who enjoy superior advantages.

If we were all engaged in the raising of potatoes and gave each laborer his proper share, we should have little need for surmise. Those who were not working would have to come forward and openly ask for charity — potatoes. The use of money allows us to produce other things than potatoes and trade each for the other. The use of money also allows the earner to meet with sharp practice every time he exchanges his earnings for products. It is not necessary that we assume a sinister intent in those who profit by the processes of exchange; they simply profit because we recognize them as a necessity — because we have become used to think of them as necessities.

The earner may be employed in a shoe-shop where he produces a shoe sold by the pair at $1.88 wholesale. His employer may have made but two cents per pair profit, but when he, or his employer, goes to a store to buy those same shoes, he must pay three dollars. These figures are not fantastic — I have lived in a shoe manufacturing town. Now the average employee is fighting his employer for that two cents of profit, ignoring entirely the one dollar and twelve cents that some one, or ones, have made after the shoes are finished. It is very possible that reforms in system or tools might enable the

employer to cut a few cents off the wholesale price — but not very much, if wages remain the same and leather continues to represent considerably more than half of the cost. The open chance for change lies in the absurd proportion of excess added after wholesale sale. Our evils of finance centre in the fact that a dollar does not buy a dollar's worth.

CHAPTER FOUR

UNWARRANTABLE ACQUISITION

WEALTH is property having power in exchange.

It is usually acquired in the process of exchange. Of fair exchanges we have no right of criticism. It is in the unfair exchanges that evil breeds. There are varying degrees of error in exchange, as in all else of human application. The greater errors often continue through ignorance rather than malevolence. The exchange may be farcical, in that no value whatever be contributed by one of the parties, thus illustrating a direct theft; it may be fraudulent, in that value is claimed in a degree not actually present, or a transfer of value promised which never takes place; it may be mere sharp practice, in which each side tries to get the better of the other; it may be unscrupulous, in that advantage is taken of another's necessity, ignorance or stupidity. Any of these measures allows unfair acquisition. When we think of correction, or punishment, we must remember that the one who has spent an evilly acquired profit is just as liable as the one who has retained a portion and thus made restitution more easy. It must also be remembered that the general public, as

a rule, has no individual rights in recoverable funds; they belong to the individuals who suffered the individual losses.

It will be found, on investigation, that many of the present evils are beyond punishment since they have occurred with the sanction of law and custom. Many started with the birth of civilization and thus give precedent to the law which still protects them. We can not punish the dead. The sanction of society for offences against certain non-enforcement of law makes it evident that it is with the future that we have most concern. It might clear comprehension to deal with each division of error in its turn.

Robbery

Theft results from lax protection.

There are well worn maxims suggesting that it is wrong to take from another against his will, but necessity is peculiarly forgetful. We could easily increase restrictions were public opinion sufficiently Draconian. The individual likes to be protected against chance of loss, but he does not always like to be protected against his own chance of gain.

People as nations willingly allow themselves to profit by wholesale robbery of other nations' territory, often virtuously excusing the act in view of the moral benefits they intend to shower on the captured, or conquered; although there is hardly an instance in history where a people who have stayed conquered have benefited morally or materially. The public is

also callous regarding steals from its own government by its own members, since it does not feel the scattered loss and hopes to profit from the extra coin in circulation. The individual is highly sensitive when a richer individual directly profits at his expense, but rather lukewarm in condemnation when one, or any, of his own kind, filches from the more fortunate.

The individual usually sets his standards according to his intuitive understanding of his own best interests. Policy may lead him into affectation of altruism, or the suggestiveness of great events may actually force him to be definitely generous. We send contributions to those who suffer from great floods, fires and earthquakes, but we do nothing for the single burned-out family in the next street.

The moralist need not sneer at the continued presence of the primal instinct of self-preservation. It is this instinct which has peopled the world with its present inhabitants — such as they are — although it might have done much better if allowed a freer rein. The perfect education of this instinct would probably produce results similar to those to which the altruistic supposedly aspire. In order to prevent misconception, it may be well to state that pure altruism, or interest in others, is scientifically considered as the illustration of a rather abnormal sensitiveness to outer impressions. It makes altruistic individuals suffer to see others suffer, and they naturally seek to please themselves by prevention of others' suffering. The truth-seeker similarly wishes

to remove error because of the painful effect of untruth on his educated sensibilities.

Under the combinations made possible by language and education, the desires of the individual must conform, more or less, to the will of the most powerful combinations. As these combinations are naturally expedient in purpose, they favor laws which meet the sanction of the majority, but do not always enforce those which are opposed by the minority. Certain acts are so open and flagrant in opposition to defined law that they meet with fairly prompt punishment. The first great problem in the change of ownership comes through the continued effort of minor individuals and bodies to evade the established laws of property rights. When acquisitions are made in spite of law they are generally included within the definition of dishonesty.

Dishonesty is nothing new.

It existed before our day, it will exist after we die and after our children are dead. We are merely concerned with the prevailing percentage; and the increase, at times, may well arouse concern.

The volume of dishonesty increases legitimately with increase of population and naturally with increase of wealth, for wealth is the instigator of the guilty desire. It decreases with lack of opportunity and it should lessen with spread of education. We have increased our wealth faster than we have instilled ethical or expedient respect for property rights. The very carelessness of opulence has neg-

lected to guard against the growth of desire which is excited by the greater aggregations.

An ethical morality is slowly absorbed. The greed inflated by suggestive opportunity stifles the promptings of an artificially educated conscience. The public is unfortunately lowering its standards. There are but a few generations since the time when theft was punished by death. We now have a tolerant and even an admiring attitude, for the brilliant criminals. The very adoption of the word "graft" as a substitute for "steal" illustrates the acceptance of a lesser significance for a definite crime.

The wide popularity of certain novels and dramas which portray attractive robbers is in itself significant of a certain element of sympathy. The public shows great interest in the prosecution of wealthy thieves, but only because of the sensationalism involved. It raises little protest when the convicted escape punishment, as they almost invariably do.

It is somewhat saddening to have to admit that human nature is still so imperfect that those great in ability are often short on morality. It is not unnatural. An over-balance in one direction predicates a comparatively lacking qualification. Men of great strength of purpose merely illustrate a fund of vigor, or excess of nerve-force, which can easily stir physical desires that may war with artificial restrictions. It may also, unfortunately, urge accomplishment of proper purpose without sufficient respect for ethical considerations, since nervous force

is impatient for results. We need reins for our racers — possibly blinders, that will shut off side attractions — but we are foolish to hamstring them.

The very artificiality of ownership prevents any gain in the evolution of its morals. Each child that is born has to re-learn the expected deference to possessors. There is no inborn acceptance of property rights. The young will sample forbidden seductives until the punishment is sufficiently fearsome. It is possible that many of those who continue disrespectful of law in after years were brought up by those misguided parents who rely on moral suasion in place of strap or slipper.

We limit the opportunities for direct thefts, but they are always possible to those who create opportunity. We lose mainly by breaches of trust. None may betray trust until trusted. We try to select trustees of higher moral calibre than the average, and they very possibly are. Were we to trust another grade we might easily do worse. It is not necessarily peculiar that many of the detected are prominent in church and other public affairs; it simply shows that the temptations are often stronger than the men we breed to meet them.

The temptations are growing greater as we concentrate capital into larger units. With the increase of detail in management it becomes easier for fractional pilfering. We cannot well wait to raise and educate another species of trustee, so it becomes necessary to limit the opportunities and reduce the

temptations, or to employ an extra force of theft-detectors and inspectors who shall not be hampered by awe of the great, or restricted by personal considerations of any kind. We must get people into the habit of being honest by giving them fear of the detection of dishonesty. We must change the lenient attitude and lend our moral approval to the prompt and severe punishment of delinquencies, no matter who is jailed or dishonored.

The public pretends to disapprove of the great men who steal and the men who steal great amounts, although it hides a furtive admiration and suppresses a certain feeling of jealousy. It can not be said that any particular class escapes the common motive. The expense account of the United States Senate shows lavish plunder acquired by dignified law-makers in the shape of hair-dye, jack-knives, chewing-gum and chatelaine-bags. Other legislators draw mileage for journeys never taken. Legislative committees often divide profits with contractors, as witnessed in the building of noted state capitols. Elective judges in certain cities have paid thousands of dollars to get their places — and their chances.

But the mass is not so virtuous that it may criticize too sternly. I remember conversation with a bright mechanic years ago while learning my trade. He had read that morning of a defalcation by a bank cashier and was expressing envy of the man's opportunity. On being asked if he really meant that he would steal in similar position, he mumbled

apologetically, "Why, any one would steal twenty-five thousand dollars!"

We have those to-day who are tempted by millions, rather than thousands, but they are not the only robbers; petty thievery is common throughout the whole population. Twenty-one thousand towels were stolen from the free public baths of Boston in the summer season of 1907. College rooms are lavishly decorated with appropriated property. Every boat arriving brings back a generous share of customs' cheaters. Such thefts and law evasions are executed by those who have no strong necessity to excuse them.

The discontented like to think that possession of wealth in large amounts is evidence of theft, though stolen funds burn the pocket. People hang on only to the money that was hard to get. The thieves spend freely for fear that they may be caught and made to return what is left and also because they may think that they can easily steal more. Much of the thievery that we notice is but evidence that some of the bigger thieves are robbing each other. It is the meaner, unpretending, unnoticed class, which lives like lice upon the poor. It is not a picturesque class, or an interesting type. It escapes prominence through its very unworthiness.

But the poor readily excuse those who flatter them by personal dealings, no matter what the scale of plunder. They like to imagine that they are robbed indirectly by men of great standing — it gives them a reactive importance. It is the poor who always

support the incompetent and thieving politicians who sell away their rights. This was ludicrously proven within recent recollection by a wholesale purchase of aldermen particularly representing a popular people's movement.

Many, many millions in the shape of public franchises are yearly presented to grateful financiers by the people through their representatives. It is the concentration of the buying power of the people which gives value to these privileges, and some of that value belongs to the people. They let their aldermen sell away their rights for a song, since they do not know what they are losing. It is mathematically evident that they are losing just what the favored ones are gaining.

I yield to no man in sympathy for the unfortunate, but I would shirk my assumed responsibility did I fail to point out the follies which produce the very misfortunes of poverty and privation. The poor must help those who would help them; they must help in their own helping.

In the general lines of industry there are thousands who rob their employers of the labor they are paid for, by shirking when not watched. Complicated systems of espionage are necessary in order to make sure that they are personally present at the job for which they draw their pay. There is a steady loss in employment from the goods, supplies and tools, that are usable by the help and easily concealed. It is on record that a labor organization has enforced the right to wear coats into the mines of a rich

camp since the pockets were necessary to hold an appreciable amount of stolen ore. One frank individual has told publicly how he carried off fifty pounds at one time in his pant-legs. The author knows personally of a foundry where the trade in certain articles made from stolen brass, on stolen time, grew so large that the moulders employed a salesman to dispose of the products.

These petty crimes, which mean much in the aggregate, especially as indicative of the general morale, are rarely noted in the press; the public cares to hear only of extraordinary occurrences. The press, in certain instances, actually encourages the employed to injure their employer by falsely claiming that the employer is robbing them.

Excuses are no justification for criminality.

There may be abuses, but we have no right to meet them with other abuses. There are too many directors who feel justified in profiting at the expense of their stockholders, since they are paid little, or nothing, for really valuable services.

With the conscience once calmed there is little limit to peculation. We have records of trustees who not only absorbed all the income of the property in their charge, but some of the principal as well. There is one ingenious method by which others' funds are used in speculative ventures, any loss being charged to the owners of the funds and all the profits taken by the handlers. Plunder becomes so sanctioned, at times, that the detected have not been able to comprehend condemnation, dying of broken

hearts under the ungrateful (?) comment of the enlightened public.

Boards of trustees, who never considered the possibility of reformation until exposed in the courts, have appealed to the public for support and re-election, because they have virtuously kicked out a minority of the responsible parties. They have actually published records of the savings they have been forced to make as a justification, although the possibility of saving convicted them of their former laxity.

The customs of the saintly-select give precedent to the less-immaculate, till a great class assumes a vested right in others' earnings. Our press assists swindlers to advertise boldly their frauds, since we mistakenly authorize the form of theft which takes a dollar and gives back a fraction of its value. The exchange commonly leaves the purchaser with but a paper certificate whose only suitable and appropriate use is to hold a layer of glue for the purpose of catching flies. We should properly judge economic losses by the totals rather than the morals involved.

The indirect errors of society in general exert a potent influence on both earnings and their value in exchange. A widely prevalent dishonesty forces the employer to buy safes and pay watchmen; have extra clerks to check accounts; have a high per cent of loss through dishonest customers and pay more taxes for the support of police, courts and jails. All such expense lessens the possible earnings of the employee, or raises the prices which he must pay

for products. If we could only force citizens to appreciate their indirect losses, they would sneer at present open swindles as not worthy of comparative notice. Ignorance must be our greatest luxury — for we pay most for it and defend it with our lives.

Established Anomalies of Acquisition

In the days when kings got God-given rights, they owned what earth they could hold with their subjects' strength. Sometimes they rewarded a skilful soldier, or a satisfactory siren, by grant of territory which remained a family possession until some other king took it away. Now that the rights of monarchs are relegated to the background, citizens of all countries are allowed personal possession of the earth's surface as long as they will pay the taxes assessed, unless the state re-purchases the same for certain state purposes.

We, as a nation, owe our being to the same kingly ownership; for when one king had given away the local environment, the next king, when not able to pick a quarrel and dispossess a present holder, searched afield for area with which to pay for special effort. He therefore encouraged adventurous sailors to plant his flag on distant soil, annexing continents by the right of sight alone. Deny a race sufficient elbow-room and it is ready to commit any crime on the calendar against the first area-owning innocent encountered. It is not mere accident that has given over the bulk of the earth to the English-

speaking people, it is the accident of birth on a small, landlorded island. There be crowded populations of other islands which are destined to stir alarm amongst the adjacent in the near future; Japan will hardly be satisfied with Korea.

Ownership by multiplied force sanctions itself. There is no logical reason why some great naval power shall not some day declare itself the owner of the sea and parcel out its surface to favored citizens who shall have the right to collect toll from passing ships. We might protest, but hardly with consistency; for after denying the right of Britain to make our laws and prating of the rights of the whole people, we deliberately copied our system of land tenure from Britain, although it is founded on the self-given rights of a self-chosen minority.

The primal error took root long before England was visited by men who wore shirts. It was an error peculiarly favorable for powerful minorities in days when assumption was unquestioned. That a free people should sanction a custom which allows any one, or ones, to inherit, or acquire, the right to future profits in which it need not have a hand in making, is archaic and grotesque. We do not have to venerate customs merely because they are ancient. Did we think so, we should still be burning witches.

Under the system which we adopted, it was easily possible for a king to have presented the entire island of Manhattan to some slavering flatterer whose descendants, however limited in number, might have retained secure possession to this day

and even collect the entire rental for a million years to come. We have a small family, even as it is, which owns enough of New York to derive a revenue therefrom equal to that of fortunate monarchs. The value of the property is given by its position — no man placed it. This position draws vast hordes to work, and spend, and use this particular piece of earth surface. The land-owners did not bring them all, they may not have brought any.

But do not make the mistake of supposing that the value known as the unearned increment belongs to the population gathered. It rather belongs to those who gather them — to those who furnish them means of employment and to those who make such employment necessary.

Yet there is no absolute private ownership of land, since we recognize the right of the state to take as it pleases for streets and even pass the right to private corporations when building railroads. It is evident that the individual is but a tenant at will, paying the state a rental in taxes.

It were folly to advise that we promptly disrupt the established system merely because it was founded in error and has wrought questionable changes in civilization. We can not correct the record of history nor refund to those unfortunately conditioned in the past. We can correct certain of the most obvious evils yet attendant, however, and clear the way for a gradual re-adjustment.

We should not pass to a short-time lease, for that has been tried in private application and found

wanting. We can widen the bounds of present state confiscation, however, and there is great possibility of betterment from such a change. If it be logical to take land for a recognized public improvement, why not make it legal to take land for any improvement? If it be legal to pass private ownership to a private corporation which is to give service or value to the public, why not allow transfer to any desiring new owner who can prove and carry out a purpose of value to the public?

It is not proposed that land be taken without proper recompense, it is not proposed that in the transfer we try to remedy the errors attached to the earlier ownerships. It is simply suggested that unused land may be taken by paying a fair value, such value to be determined precisely as when land is taken for a street. Even if the land be in use, it should change ownership providing a better use can be guaranteed. Under our present system it is not always easy to advance. · A magnificent building might be contemplated that would improve the vital character of a whole neighborhood. Options on all the land necessary might be secured — all save one little jog within the boundary. The present law would not allow that jog to be taken at a generous valuation — it would not allow it to be taken at any valuation. The owner could even set up a hideous sign-board on his roof, or make his place obnoxious in any one of many ways without chance for redress. This is no vague possibility of the imagination; we see such sights in constant view.

There is too much talk of vested right because certain men, long dead, with less development by experience, started erroneous customs. We are arbiters of present justice and need not continue injustice because of mistaken respect for ancestors. They did as well as could be expected with the conditions then present — but present conditions are not similar. If changes of civilization multiply abuses of rights granted by government, we, who govern government, can assert our right to substitute different rights.

But if people are too timid to use the rights existing, there is faint hope that they will ask for more. The author lives in a state which allows the condemnation of land for park purposes. Noting in his country town large areas of unused land, he awakened enough interest to result finally in the setting off of one tenth of the town area as a park reservation — not a formal, forbidding domain, where children may not step on the grass, but an open, clear breathing space, accessible for all, with trees and brooks and birds on bushes, playgrounds, bathing beach and sand heaps for the babies. Any majority of voters could attempt a fair imitation in any one of a hundred near communities at little expense — but their fathers got along without, and their grandfathers would have thought it folly! Why do anything?

Grant the right of the state to change ownership of land and a means is found by which monopoly of natural resources may be prevented, especially any monopoly which restrains any resources from use

to allow extortion by limit of supply. With such a plan there could be no " spite-houses," no continuing of dirty or disreputable business in decent environments, no garbage dumps on vacant lots in resident sections, no unsightly gaps made by land held vacant for some expected rise. This plan would not injure the farmer nor the manufacturer — they profit through use; it would simply penalize those who purchase for position and profit from the necessities of others, only bartering property which exists in spite of them, which would have been there just the same if they had never existed and which could have served its purpose equally well if they had never known of its existence.

Since we are aiming at encouraging the employer — which means the one who uses land to good purpose — we should naturally discourage the one who owns land for no purpose of benefit to others. This is easily accomplished by re-arrangement of taxes, a granting of special privilege, or any change by which the burdens of the profitable elements of the community may be lessened. It is not always easy to distribute profit amongst those who really earn it, but it is usually simple to take away the profit of those who do not earn it.

The holdings of property, that illustrate unwarrantable chances for profit at the public's expense, are as nothing to the holding of place from which to extract profit in return for service that is unnecessary. The great importance of this division prevents proper consideration as a part of this chapter. It is enough,

perhaps, to mention the existing duplication of retail stores, which multiply the tax of distribution; the vast armies which many nations withdraw from honest labor to spend time in learning how to destroy others; the great percentage of men who make unnecessary and intricate laws, enforcing another great per cent who must sue and defend under them; the quantity of servitors who do merely the acts which should be accomplished by those they serve; and countless smaller divisions who only exist because we think we can afford to pay them, unmindful of the better uses of our surplus.

Tyrannical Acquisition

The public condones the thievery (from others) that displays individual cleverness or audacity, but it does not relish the deductions made by concentrated power in defiance of public sentiment. We have reached the day of The Great Corporation, whose concentration of capital has enabled the control of certain sections of transportation and certain divisions of production. Lack of competition leaves those who supply necessity almost free to exact whatever price the consumer can pay and make a profit without rendering a fair equivalent. It is no more just to take advantage of an artificial stringency, designedly created, than it might be for a surgeon to stop in the middle of an operation to demand excessive pay, after sending all the other surgeons out of reach

through cunning or collusion. Certain necessary articles, like milk for children, could be sold at oppressive prices, were milk-men and cow-owners to combine, but we should feel like hanging a few of them to convenient lamp-posts if enough of our children died during the scarcity. It is never safe to rely on the generous impulses of those in absolute power. It were better to limit the power, or its capacity for harm.

Yet it is difficult to grasp a popular remedy, for the farmer will not favor legislation that would prevent him from profiting largely by the scarcities of crop which send prices kiting. The manufacturer will not want his profits limited in times of over-demand, nor will the laborers themselves desire to give up the chance for higher wages when scarcity of help prevails. Carefully limit the law to the greater corporations and we shall not prevent individuals from speculative buying of raw materials in great quantity in order to create stringency. In fact, the whole cotton industry was thrown out of gear for months by the gambling in its raw material by men comparatively unknown as financial factors.

We may have to depend in the end on that common contempt for the human hog which penetrates, in time, through the thickest skins. Publicity and disgust can accomplish wonders. Condemnation loses force, however, when not discriminating and impartial. We must not heed every yellow cur which barks at the heels of the prominent, nor confine our disapproval to the bigger pigs alone.

Combinations of men are just as dangerous as combinations of capital. Our labor unions often monopolize the means for producing certain values and exact a very substantial penalty from the public at large. Our voters also have an unfortunate power of plunder when organized to grab. Concerted action may be most unethical when multiplying ethical conditions. We may prate of a workman's right to cease work, but should the crew of a ship all cease at once, it would be a sorry day for the passengers.

Tyrannical acquisition should certainly include all forms of unjust levies made by the majority when controlling a form of government. Many think that the acts of the majority become sanctioned when it acts under the robe of authority, but the laws forced by the people have no more ethical fitness, necessarily, than the acts of the majority when acting as a lawless mob. Law should be founded on justice, not force.

It is in the systems of local taxation that the individual meets the possibly tyrannical application of power. While the states vary in detail, we have our general local taxation based on property ownership, whatever its character. It often happens that the property of a corporation is taxed where it exists and then taxed again in the form of stock certificates held by individuals. The man who buys a piece of land and holds it in unkempt condition, an eyesore and a possible detriment to the character, or convenience, of the neighborhood, is taxed only on the value;

while he who builds on a similar lot, affording housing to citizens or chance for employment in shop or factory, is penalized by an additional tax on the very improvements installed.

Henry George sought to do away with the evil of unearned increment by concentrating all taxes on land. Such a method would have great value in a limited application. We do not want to do away with the right of the government to tax semi-harmful products or producers; neither do we wish to adopt a system generally which would not apply with equity in all cases. I have in mind a sparsely settled town which would have to raise twenty dollars per acre each year under the George plan to pay its present expenses.

George was clearly correct, however, in advising that improvements should not be penalized. It is bad enough to pay more than one's share of community expense because one saves rather than spends, without emphasizing the penalty whenever one definitely benefits the community. It has actually been declared illegal in certain states for towns to exempt business from taxation in order to induce growth of local industry.

George also suggested doing away with the taxes on personal property, which include the taxes on stocks, bonds, mortgages, loans, cash and funds generally. Most such property is simply representative of actual property already taxed where it exists, and the papers which are thus representative are easily hidden and their ownership not necessarily

known. It is demoralizing to attempt to tax it at all, for any tax is immoral that incites gross and general immorality. This one urges liars to profit at the expense of the honest. It teaches evasion and subterfuge, the silence which profanes.

Do not infer that the very wealthy are alone delinquent. They usually pay some tax on unseen property, while those of moderate holdings usually pay nothing at all. It is possible that the taxable wealth in the hands of those of small means, escaping taxation, is greater in the aggregate than that of the notably rich. Take any great corporation and note the thousands of share holdings scattered throughout the land credited to names unheard of in financial circles! The man with no property also dodges his poll-tax with sufficient frequency to prove that no division of society can claim exemption from criticism.

Some states lessen tax-dodging by giving a percentage to a back-tax collector. The process of proof is arduous, however, and such officials naturally confine their attention to the detection of large holdings — or the acceptance of bribes from large holders. The moderate properties escape as now.

I speak with some knowledge of these matters since I served as a tax-assessor for eleven years in a town where the duty took only a few weeks' time per year. I found observance of the law so scantily enforced that few outside those at the top knew that

personal property was taxable at all. The greatest indignation at effectual enforcement of law was displayed by those who had escaped all their lives and thereby thought a precedent had been established. There was a strong general feeling against an increase of the usual per cent of personal property tax, since it would force this one community to pay more than its share of state and county taxes in comparison with other towns and cities supposedly not as drastic. The average assessor is human. He does not like to make personal enemies or appear Quixotic in upholding a dead law.

The evasion is so common that when one wealthy woman of a large Western city presented an accurate list of property for taxation it became a matter for newspaper headlines and press comment throughout the land. Give me the right of search and five per cent of the taxable untaxed property discovered, and I can make history ashamed of Crœsus and literature blush for the comparative meanness of Monte Cristo!

Unscrupulous Acquisitions

This division would naturally come under the head of fraudulent methods were it not understood that folly must always pay a price for its education. This fact does not make the trade of the teacher more savory. Some shrewdness seems to be sanctioned since it shears those who are themselves trying in their turn to be too sharp.

Legitimate Trade

Business has to be carried on by discussion of values between buyer and seller at some period during the shifting of ownerships. It does not pay those who intend to continue in business to cheat their customers or drive too hard bargains. The most dignified trade is carried on by those who can set and maintain uniform prices to all. The presence of competition makes it possible for an intermediate lot of traders to intervene between buyer and seller and get a living without producing any actual value. When done on a large scale, a real convenience is furnished by gathering together the products of many sellers for the convenience of the buyer. No active business agent is uneconomic in a time that finds use for his activities and pays for his activities; but the time may be uneconomic.

Investment Profits

Any one can get value without rendering equivalent if he can find another, less fortunate, who will gamble with him. He can also gain by purchase of property that is destined to rise in value, or by sale of property that is destined to lose in value. If such investors influence others to sell, or buy, by untrue representations, they are swindlers. If they merely offer their judgment in opposition to the judgment of others, the outside public has no legitimate concern in the outcome and no rights in the profit of the party profiting.

There is so much exchangeable wealth in this country that there is a continuous interchange of ownership through the efforts of many to acquire more. If a thousand men risk and lose a thousand dollars each, some one man may get a million. The wages of a regiment usually flow toward the pockets of a few good poker players. Those who risk are willing to consider the pleasure of wagering for anticipated winnings as an economic equivalent. The profits of the few are proportionate to the vanity of the many, for the many consider themselves fully equipped for a battle of wits.

When investing in property, one always buys from a former owner, unless the investment is in the creation of new value. The profit, if any, is therefore commonly made at the expense of the one who could have had the profit — unless he has opportunity to make an equal, or a greater profit, with the receipts. The profits of mere ownership should not, and probably do not, aggregate as great in proportion to the investment as profits made in creation of new values.

The marketing of properties naturally creates a clever class who live by trading in them. They must necessarily live on the losses made by those who produce the properties — that is, they make a profit that the producer misses. It is not singular that those who make a business of knowing values should get the best of those whose time is spent in producing them. Our system of property exchange certainly creates a contingent who live on the ignorance of

buyers and sellers and who flatter and feed that ignorance for their continued profit.

Many who lose do not know it, since they make a profit without noting that it is not the whole profit possible. They may, of course, be willing to pay a commission to the one who finds them a customer, but there may be many commissions and many customers before the real value is attained.

Losers never like to admit that they are lacking in skill, shrewdness or experience. They prefer to think that the winner profits by better luck or by taking advantage of fraudulent methods. The commercial game is usually played within the rules sanctioned by consent of the players, and those who dislike losing should choose other games or other playmates. There is common contempt for the one who is willing to win, but complains when he loses. Such are commonly known as squealers.

Some are so worried with sympathy for the losers that they would stop the game for all time. They are like those who would cancel athletics because of unpleasant adjuncts, or burn buildings to get rid of rats. There are many ways to prevent evil which would poison activity. We shall never erase folly, if we continually save it from its natural consequences. The world continues many grave errors since sentimental meddlers will not allow them to attain their final destiny of destruction.

The changes in ownership of one kind of property are similar to changes in others. The middle-man exists on all sides, because we find him useful, and

values change hourly, allowing judgment to test itself. All business is speculative, the farmer guessing on the weather and the market in the same way that the manufacturer guesses on value of raw material and product price, and the merchant on styles and reserve stocks. There is more chance for loss in business than in any other gamble, since the usual game of chance allows some to win what the rest lose, while in business the majority may lose. The whole process of wealth-production and distribution is a battle of brains, in which judgment controls the outcome nine times out of ten.

Those successful are not always gifted with pleasing personality, nor do they ever furnish attractive ideals in either character or capacity outside the one line in which their skill is pre-eminent. That is no reason why they should not have their legitimate winnings. Their gains will come from their comparative superiority and the losses of the less clever may stimulate to more wealth production since the fascination of the game urges them to continue to engage in it and to acquire the means by which to follow it.

The game is a good game.

It needs a few changes in the rules and a stricter enforcement of the penalties, but the broad principle of risk for reward is the principle that has developed human capacity to its present multiplied efficiency. We could not change it even if we would, for the matching of brains and resources is the very

trial of fitness by which evolution weeds out the unfit. Those who will not adapt themselves to the plan may look on from a distance in lonely isolation. We are not here to reform the laws of the universe but rather to conform intelligently to their ends and profit by the quickening of their aims.

The majority do not necessarily lose because a few are dividing their surplus by methods agreeable to those contributing. The majority make no surplus and a large portion of the minority avoids chance of loss by trusting its earnings to savings-banks or other secure trustees. If the people virtuously wish to interfere in the business of others to prevent the possible fault of profiting without the giving of due equivalent, they should remember that a reformation might be far reaching. The public profits largely and continuously by acquisitions for which it has paid too little or nothing. It has profited because thousands of merchants have gone bankrupt, or lost heavily by selling too cheaply, and because thousands of manufacturers have unwittingly done the same. There are thousands of publicly used inventions which have never profited the owner or the introducer, thousands of ideas which have been adopted with no thought of recompense to the originator. Were it possible to apportion equitably the wealth of the world according to the actual merit of the exchanged services, the public might find that, instead of profiting from the hoarded wealth of the envied, it would be called on to pay back enormous sums for value

had without equivalent. We may possibly arrive at a clearer comprehension of equities if we consider each apparent discrepancy in turn, together with the remedies publicly proposed.

CHAPTER FIVE

THE REMEDY OF RETALIATION

ALL the rich are robbers — let us rob the rich!

The delightful simplicity of this artless proposition appeals strongly to ignorant intellect. It also appeals to those who cynically disclaim regard for principle and wish to wallow in the unbridled lust of desire. Should the unsatisfied who honestly feel aggrieved ever succeed in forcing a violent change in present ownerships, they must deal with the unawed power of the lawless, who will demand reward for their assistance and take advantage of the new precedent still further to disrupt and distribute. It is hard to check the self-exciting power of a mob. Revolutions loose a spirit of loot, rape and murder. Those who have wives and daughters should certainly hesitate in approval of the early courses which excuse the culmination.

Anarchy

Hatred of property-owners naturally leads to hatred of the law which protects property and the makers of the law. Foreign revolutionists have

made of this hate a creed, in the name and shape of anarchy. There may be much distress and injustice in some other lands to encourage and foster this spirit amongst the down-trodden, but such principles are absurd in a country like ours where the majority control the power of the ballot. The problems of monarchies are not for us to solve; we have enough of our own.

The anarchist would like to destroy all property that would be of use only to a special class and divide all other property amongst the worthy, which, of course, would mean the anarchists. Each could satisfy any private grudge while the blood was flowing and there would be ample opportunity for the curious to sample certain pleasures considered of interest by the epicure. When one figures the losses from the disrupting of business, the disorganizing of commerce, the frightening away of foreign capital and the heavy expense of civil war, there is small chance for enthusiasm about sharing in the remainder. It would take force to tear wealth away from its present owners, and the individuals who used the force successfully would probably insist on an unequal division of the spoils. Such conditions could not appeal to any reader of this book; the victors would be recruited from the ranks of those who do not read books.

The man who earns $500 per year is deriving an income from himself as an investment. He is worth $10,000 to himself on a five per cent basis. He would be ten times a fool to swap his job for $1,000 worth

of property with no job in sight, and he would have hard work to get that amount of property from any anarchistic division of existing wealth. He would still have the power to work, but what would he work at and whom would he work for?

Some are inclined to smile at dread of anarchy within our boundaries, but we serve as a refuge for the hunted criminals of other lands and we have lost more rulers through anarchistic crimes than any other country within the same period of time. The antagonism to capital grows ominously. Bad feeling is encouraged by the impolitic remarks of those who pile up popularity. There is no discrimination between the rich who have taken and the rich who have made. The votes received by those who stand for thinly-veiled anarchistic principles are alarming in number. Many of our chosen representatives sufficiently fear this trend to favor measures which are not only un-ethical and therefore anarchistic, in spirit, but irrespective of property rights and reeking with class-interest. Such recognition simply breeds more demand and strengthens the confidence of the wreckers. *It is never advisable to compromise with error.*

It were a dreary prospect for civilization did anarchists ever knife all the rich and destroy all their property. When the liquor was all drained and the bread all eaten, brutality would have full sway. None would care to produce, with prowlers waiting to snatch the product. Self-protection would eventually bring together little bands of the sobered, who

would resist further assault. Slowly and painfully a new society would arise from the ashes of the old one. It would not equal the old society; there would be too much loss in men and things. A simple experiment is sufficient to illustrate. Let the anarchist pull out a few of his own teeth and note how much his happiness is thereby multiplied. If still in doubt, cut off the right arm above the elbow.

Anarchy is, fundamentally, a protest against laws that protect property. We hear continual talk about property being favored against the requirements of human beings — but what is property? — what but the fruit of human thought, energy and purpose, created in the spirit of self-restraint and protected through the operation of a self-control governed by appreciation of justice and consideration for one's fellows?

In protecting property we are protecting the most deserving humans in one of their most legitimate fields of effort. The property laws are for the interests of the better human beings. No wonder that they meet with the suspicion of their inferiors!

It is often urged that men of property weaken their defences by contempt for law, thus sanctioning the anarchist or the criminal. It is true that they do often disobey the edicts of our governmental bodies, but laws are of various kinds. The laws that penalize direct theft, personal violence and similar disregard of others' welfare, are established by acceptance of continuous civilizations in

wide-spreading territory; but new laws of intricate nature and special application, hastily passed by bodies urged by unthinking constituents, are not necessarily valid nor respected. Many of them are proved to be illegal when tested in the higher courts and many of them are ignored by the very officers of the law, who do not enforce them. It is easily possible for our representative bodies to do foolish things at times. Law could easily declare that brunettes must always marry blonds, but we should have the very deuce to pay if enforcement were attempted. Many expect that existing law should always meet with veneration and awe, although we owe our existence as a nation to a direct rebellion against established authority.

Legislation is merely a balance between cross purposes. The test of trial often secures important modifications. Accurate definition of the line between crime and propriety is often impossible. We can not have confidence in law unless it be devised by those who have our confidence, or until it be proved impartial and improving.

Those who pass laws are not necessarily urged by the wish to establish justice and secure progress. They often wish to secure personal benefit at the expense of others. It is considered patriotic in certain sections to urge for special governmental favours at the expense of other sections. If we are to constitute a country, instead of a snarl of jealous little states, we can have within our borders no special rights of locality, heredity or custom.

Still, the defiance of law by the well-meaning encourages too much imitation in the ill-meaning. We have no right to break laws unless we, at the same time, use all available influence to correct them. This applies with equal force to laws that are not enforced. Such weaken the whole structure of government by the unfortunate precedent which they establish.

Many, to secure results that they consider of qualifying importance, evade proper laws, with full recognition of their equity. The impatient think it necessary to accommodate themselves to conditions when they cannot control them. They argue, in excuse, that they have no time in which to reform the means of accomplishment — they must use men as they are used to be used.

Thus we have a vast amount of bribery and corruption, certain bribable legislators standing in the path of necessary legislation to obstruct until the price is paid. The public frowns on those who pay, but it is the public which elects the bribe-takers to office and it is stingy public opinion which limits the salaries of legislators to meagre figures. The bribes are almost sanctioned by the acts of venerated public officials in the very highest places. Presidents, themselves, are known to have yielded their better judgment in the proffering of place to incompetents in order to influence the Senator whose pet is thus favored. There is no moral difference between such gifts and actual cash. It were better for some reasons if cash were substituted.

The excuse lies in the old Jesuitical maxim — "The end justifies the means!" The ends do *not* justify such means. There are no means which sanction a cowardly surrender to bribe-takers, bullies or black-mailers. We may have distinguished examples, but they need not be distinguished by our approval.

The shifts of political policy give no credit to those responsible. We see customs-ports which collect no customs, public buildings built where population does not justify them, rivers dredged where steamers never sail. The taking of petty plunder, cheerfully known as "pork," is a fixity made possible by public apathy.

The strong man likes to Do, but he should scorn to be Done. It would do this country no great harm if legislation halted for a while, to bring clearly to light those responsible for clogging the wheels. An engineer would certainly stop his engine if it gave evidence by jar and squeal that something was out of order. He might keep running till the trip were over, but that would be the greatest concession that he would possibly consider.

We are hampered in our legislative bodies because ideas must filter through large assemblies which can easily continue conventionality but distrust change. A majority of human beings, acting as a unit, can be likened to a soggy mass of clay, It can be twisted and moulded by definite outside exertion, but it moves of itself only when in the unstable equilibrium which precedes a fall.

We must favor the raising of men who can fitly mould majorities. Such men must be trained toward confidence and power by careful nurture of individuality, rather than by Procrustean trimming to the average stature. It is the emphasizing of the stronger traits that develops capacity of uncommon kind. The schooling of the future should adapt its training to the pupil rather than mould over the scholar to fit the course.

But we can not have exceeding merit, or exceeding ability, if the jealousy of the inferior may vent its spite and utter its slurs to discourage development above the average. There is little enough material reward for extra energy without withholding the cheap approval of humanity. Analysis of hate discovers envy of power, success and superiority; in fact envy is a distinct brand of inferiority — it betrays by its very existence.

Socialism

We are heading squarely toward socialism.

While at the time of writing neither of the greater political parties has formally adopted the creed, they are both showing fear of the public opinion that is forcing the government into lines of inspection, control and creation, which not only enlarge its scope, but materially increase its expenses. There is a definite movement toward education of the voter with the idea of making the majority socialistic by degrees. The growth of this factor is significant of changes to come.

Instead of breathing fire and fury like anarchy, socialism professes to spring from love of the human race and respect for its primal rights. It has enlisted men of good brain-power, men of considerable wealth, men of kindly feelings and good natural impulses. Sympathetic, susceptible natures are impressed by known injustice and distressed by the presence of poverty and want. They are so eager for reform that they sometimes adopt the first novel panacea proposed. Many such were formerly fascinated by free silver, though now ashamed to admit it. Two sound-money presidents wabbled in perplexity before deciding to espouse their later course. The evil wrought with good intent by far outweighs the error of design.

The anarchist wants *no* law.

The socialist wants *more* law.

He wants legislation that shall prevent him from using his functions as he chooses, from profiting fully from the exercise of his faculties. He would not admit this, of course, but he would have to submit to the inevitable results of the forces which he would blindly set in motion. Regulation and supervision are as logical within the home as within the packing-house. We already have excellent examples of socialistic communities within our prisons. The food, pay and shelter are practically alike for all. It is said that the inmates usually improve in health, but the regimen is hardly popular.

Government interference surely paves the way to

government ownership. When supervision becomes a drain on the tax-payer he will welcome the control that shall not need to inspect itself. The present owners will be glad enough of such relief themselves if the espionage increases.

Not that the author would sanction any of the abuses which have seemed to make supervision necessary! Abuses can be cured without constant supervision. Let proper officials make unexpected visits and jail those found committing crimes against the public health, and we could restrict evils for a fraction of the present expense. It might be urged that the officials could be bribed — yes, and why not the inspectors, as well?

Carry the system of supervision to its logical end and we shall have each cow inspected during milking time, each nursing mother periodically examined by competent authority, each cook watched ceaselessly during the preparation of each meal and all servants made intermittently to prove their necessary neatness. Inspectors must swarm through the refrigerator-cars, nose into the butcher shops, haunt the groceries. The spying system is endless in adaptation and costly beyond computation.

Socialism might relieve the necessity for profit from sale of impure food, but it would not necessarily make food-handlers less careless or more cleanly. When we all fare alike it is not easy to foresee what is to be done with the lean steaks and the skim-milk. All will want the porter-house and the cream.

Some mistakenly suppose that socialism will bring about an equal sharing in present property. Theoretic socialism may aim to bring about an equal sharing in *future* earnings, but it can only accomplish national ownership of *present* property by purchase from present owners. We should have prompt war with other countries did we attempt to confiscate properties which are often owned in part by foreign stock-holders. Socialists aim at government ownership of railroads; but they must pay for them — probably by issue of bonds — and the rich would have the bonds. Any proposition for absorption of property without paying full value would be anarchistic — not socialistic.

In all definite remedies there are advantages in full adaptation which are lost in half-way trial. With complete socialism all voters would serve the same master and split up into cliques based on various whims and complaints. With partial government ownership of great utilities we should have a great army of government employees who would vote solidly to support the system in use, no matter how inefficient it might become. The party in power might thus dare abuses beyond anything in our past experience, requiring actual revolution to dislodge it.

There is no more conservative state than Massachusetts; but the attempt of the city of Boston to run a printing plant resulted in a record of extravagance and plunder that might well make honest voters hesitate to endorse further trial of similar ventures. The fact that certain foreign countries

can honestly administer a few of their own utilities, in special and particular instances, is of no significance in considering our own problem. It is very possible that the freedom of spirit under American institutions breeds an idea of license as well. A clever, resourceful people is not necessarily moral; a brave people is often lacking in ethical virtue.

Socialism in its extreme and logical adaptation means equal hours for all and equal pay, irrespective of capacity. It aims at final absorption of all property by the state, through over-taxing the rich or making them so uncomfortable as to leave the country. When property is common, beauty naturally follows suit. No selfish man may think he is to monopolize the attractions of a superior wife, when socialism shall gain full sway.

The methods of governments are not going to change simply because they widen. Some fatuously think that under socialism they will have a new breed of official — a type of highest integrity, brilliant in ability and unerring in judgment. They might easily employ a few such in present offices — when they catch them! No, the people are going to select from themselves whether under socialism or any other form of government. We should have greater armies of clerks, thicker jungles of red-tape, multiplied inefficiency, incompetency, lack of initiative and paucity of result. The supervising positions would still go as prizes for political pimps in a vast number of instances and effort would still be directed toward making a fat job last, instead of hastening its

conclusion. Governmental method invariably seeks the lines of least resistance, instead of boldly daring those of great resistance. Men are not honest enough, or willing enough, to give their best effort when employed on fixed pay in positions where promotion largely depends on personal favor.

Some might point to the spread of civil service and think that it can easily avoid the errors of inefficiency. Civil service, however, is most disheartening to those who note its practical application. In letting many compete for place the tests are not satisfactory, being largely academic in character. The supervisors are so shorn of power, to prevent their using possible prejudice, that they cannot remove incompetents and cannot economize by lessening the jobs.

Some persons have a sublime faith that no great evil can possibly continue with the sanction of the people, but they are strangely lacking in remembrance or erudition. They forget our own long struggle to rid ourselves of slavery. They forget our periodical panics, artificially brought on by our own stupid experimenting or our notably inefficient currency system. False legislation can change the fundamental characteristics and even the morality of a race. The frugal Scotch were once made notoriously shiftless under a short-time lease system, and a liberal provision for illegitimate children so upset the morality of England, that a member of Parliament declared it had practically abolished chastity.

It is not easy to turn back time. It is always difficult to repeal enactments, for certain men find profits in the sufferings of others and they will use those profits to preserve their sinecure. One member of our House of Representatives may cause exasperating delay in legislation and one Senator has often prevented the majority from voting as it desired by using up time in oratorical antagonism, or threatening so to do.

Those who fail to understand the stultifying effect of governmental management should compare our freight rates with those of foreign countries where governments run railways with the advantage of low-paid labor and dense population to help them out. We beat them out of sight. It is true that we have better facilities, but we have them because of that same private management. Governments do not readily adopt new ideas. They are not forced into improvement by competition and it is always easier to go along the same old way. There is always a grave risk of reputation in the trial of a novelty. The individual may chance it for the profit in view, but the government official gets no more salary for introducing a change, and while there may be some extra credit possible, there may be more fear of discredit.

The profits of business are now possible to a few, because that few are smarter, or more enterprising, than those in competition. Under socialism, the less intelligent would dominate in voting power and very possibly divide up the directing positions.

Profit is made to-day under stress and strain. Socialism designedly aims to relieve these. Government ownership of utilities would hardly give profit when run by the sort of government that would sanction such ownership.

Put an incompetent one in control of thousands and his worthlessness is multiplied thousands of times. Let the public supply itself with jobs and it would reduce the hours of labor, diminish the output per individual and cheapen the charges it must pay. The losses would be made up out of increased taxation as long as any individual property remained to be taxed.

The author had an ancestor of altruistic, semi-socialistic ideas, who at one time joined a socialistic community. He lived far more simply than his means would warrant, shunned public honors and gave much more to the world than it ever returned in kind. He used to say that he would be perfectly willing to give his skill and labor for an equal share with the rest of the world if he could only be assured that those directing the application of his talents would know enough to turn them to their best uses; but he found that he could not permit the control of his labor by the type of overseer that the public favors when selecting by its own choice.

The author himself grew up in this same socialistic spot, though some years after the experiment had reached its logical conclusion. Many of the social customs continued to give the place an individuality of its own. The saintly originator never was recon-

ciled to the failure, but the test of human nature was bound to evolve a final mastery by the efficient.

Socialism ranks massed mediocrity above individual intellect. The principles of equality can never apply to people that are unequal in capacity, education, refinement and courage. It can certainly prevent the development of unusual capacity, but is such prevention wise? It is not profitable to limit ambition. If no one can have more than the mass he can aspire only to the mean little average of the mass. The fact that our successful men usually rise from the ranks under the present system of competition allows all in the ranks to hope, and dream, and plan to rise alike. Limit hope and we halt evolution; we make of man a careless, shiftless animal.

If socialism is to equalize wages, the present well-paid laborers in lines requiring skill and judgment can expect a sharp scaling downward. It is not many years since a government investigation found that farm hands averaged only little over $200 each per year in wages, even when they paid their own board. There are many great industries where the laborers average less than the factory employees. An average wage would be much less than that now earned in factories. Were the socialist humane enough to include the whole world in his plan, we should naturally anticipate a wage average somewhere between the ten cent a day coolie and the three dollar a day American — it would come much nearer the ten cents than the three dollars. I say three dollars, because that is about the best average

wage of the better class workman of America — above the average of all workmen. We forget the countless millions in other lands who own nothing but breech-clout and turban, and die like flies in time of famine.

Socialists have been misled by a slight error of definition. They think that they want equal wages for all, when they ought to want equal wages for all of equal economic importance. They will still have the problem of properly paying those who are more, or less, important and common sense suggests the only fair plan — apportion their wages to the value of their services.

The academic socialist quotes figures to show the large product per worker, of wheat, or cloth, arguing that since one may produce enough for one hundred, a re-division of labor might accomplish all necessary production with but a fraction of present toil. The supercilious way in which the ignorant outsider approaches practical problems is very irritating to the practical man. The mere labor in making things is often immaterial. I know of products that cost more for inspection than for manufacture — more for counting than for making. It is countless handlings, and sortings, and packings, and notings, that cost money; the selling, the advertising, the bookkeeping, the time-keeping, the furnishing of factories, power, light, heat, water, etc. Then there are the items of taxation, freights, raw material, insurance, interest, depreciation, salaries, stationery, supplies — we all know what they mean—

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all except the kind gentlemen who could tell us how much better things might be done were we to materialize their idle dreaming. Even were certain products cheapened by elimination of competition (it is just as possible that they would be made more expensive), there would be little gain in view of the demanded diversity of products. The offered variety of products is amazing when analyzed. It has been figured that there are as many as a thousand varieties in the patterns of woven goods for women's garters in one country for one season alone — ten thousand in ten seasons — for what, and why? There are plenty of chances to save costs, as we shall see later — but the savings are possible without socialism.

There are many sentimental theorists who would welcome a change to a world in which there was no want, no sickness, no sorrow and no crime. They might be gravely disappointed in the realization. The incompetent, the weak and the vicious, might improve their status, but the gifts which should make them thus affluent and improved might impoverish the faithful and the diligent. We can easily equalize present discrepancies by sending billions in cash to Africa, India and China, if we are truly altruistic; but the plundering of the capable would hardly develop much future capacity. We hear of sections of the world where they are trying experiments with applications of government for the private interests of the majority at the expense of a more efficient minority; but it is not shown that

these sections have developed illustration of superiority in men and women — any great inventions, any worthy philosophy, literature, art, or other indications of highest intellect. Our own country was peopled by emigrants who have made greater stir than any other wanderers of recent history; but we have allowed individual freedom, reward for effort and protection for property. We have patented more inventions than any other people since we give our inventors the hope of a profitable monopoly. If Australia and New Zealand are so far ahead of us in ethics of government, why may not our labor-leaders and socialists set forth and join their comrades in progress, embarking for those distant shores with the same enterprising spirit in which our ancestors left the conventional domains of Europe? We know why they do not — they want to stay and share in the prosperity which has come from American competition and American combination. They would not really care to change for lands where poor men profit — out of poor profits.

When advising for the true interests of mankind by pointing out its mistakes of action or inclination, one is ever open to the antagonism or suspicion of those who would rather believe they are injured by others than themselves. Many are arousing anger and indignation amongst the soldiers of industry, by attacking the character or motives of their officers.

Now there never was an army of any nature officered by angels nor by humans perfect in wisdom, truly clairvoyant, or unfailing in genius. The men

in high position simply average a superiority proven by the fact that they have attained position in our free-for-all competition. It were foolish to mutiny because there may be a small per cent incapable, or because there may be a few still in the ranks who deserve better place.

But do not make the mistake of thinking of our politicians as the officers referred to. They are not necessarily in position through competition in ability — they simply represent competition in popularity, or promises. It is the leaders of industry who dominate in the end, for the prosperity of industry appeals to the industrious, and they will control the politicians in any real test of strength that comes following the failure of some tried fallacy. Intelligence must and shall rule in the long run, and intelligence is a power wielded by the intelligent.

CHAPTER SIX

THE REMEDY OF REGULATION

WE have already noted that restriction and supervision lead insensibly toward government ownership. Forced regulation always crosses the danger line when it accepts responsibility for the results of its application. The government can be responsible only by engaging in every stage of activity or supervising every stage. It costs about as much to pay for one to watch a man work as it does to do the work. The government should not shoulder another's obligations; it should simply make its citizens live up to their obligations by sufficient penalty for evasion.

What Shall We Do with the Rich?

Why, of necessity, do anything? What are these riches that excite so much alarm and perturbation? The total money of the country amounts to only about $35 per head. The houses and playthings of the wealthy are not enough in number to afford the majority any great satisfaction from a division. The total wealth of the country means little when

divided by our whole population — especially the wealth that would retain value after such a division.

We have become so sodden with hereditary American ideas of equality that we consider anything abnormal as evid nce of an unhealthy source, though it may simply represent a single unit of individuality that is superior to the mass. Great fortunes particularly excite resentment, unless the owner is so foolish in expenditure as to prove himself of common tastes. The envious one sees corporate stock double in value on the stock exchange, and figures that some one has been robbed of the excess — although no one need buy at the high price and few do buy, except in the hope of unloading on some other amateur. Where so much wealth is made and so few have power to hang on, it is not remarkable that some should prosper abnormally.

We know that some do prosper, for we see what they have purchased. Palaces arise in profusion, private yachts fringe the coast-line, private cars are plainly promiscuous. The billionaire is a twentieth-century possibility. We hear that those with less than ten millions of property are hardly expected to entertain frequently in our largest city. Lofty heights confront the aspirations of yeasty desire.

But the masses would not necessarily be any better off if the wealthy spent for less showy toys than yachts and cars. Were the money to be given in charity — divided amongst those who tramp and beg, fill asylums and poor-houses, loaf, steal and live on others in ways peculiar and unwarrantable —

it is very possible that it would only increase the total of mendicants, multiply improvidence and rebuke honest labor. We do not want to put a premium on poverty. There are millions who spent instead of saving, who took their pleasure, and would still be glad to share in another's saved pleasure.

To those who would not accept charity it makes but little difference whether the waste of the scatterers is garnered by few hands or many. There are good reasons why it is even better to have it centred in the few. The few will waste less than the many might and that which is not wasted will usually be put to uses which benefit the community as well as the owner. We have many countries which lack our quota of multi-millionaires, but as a rule they show no amazing lack of paupers.

There are honest men to-day as in all time, and honest rich men too. The rich can hardly afford to be dishonest as a class, since they would suffer most from a spread of dishonesty. The envious do not really care whether riches were fairly obtained or not. It is the wealth itself which excites their jealousy and their unreasoning antagonism of unsatisfied desire. They argue in a crude, blunt way, that favor is in evidence, if not force or fraud. They will not even admit the right of the wealthy to share with their own offspring.

The favored profit whenever the wealthy are weak, vain or generous. Those burdened with a surplus must eventually give away what they do not waste or

consume. Hang on however grimly, death at last relaxes the clutch. The exigencies of the case create a favored class. It profits by kinship, amiability or suggestive influence. What right has the outside world to share, unless it, too, has pleased, or fawned or flattered?

It may claim a right since it can prove that the wealth was stolen from its individuals, but even if the proof be positive, it were braver to insist on restitution while the holder were living. If there is no proof, the world had better maintain a respectful distance and mind its own business.

People seem to think that they have a vested right in large fortunes because of some mysterious special protection given the large wealth-owner. The law uses less effort, however, in protecting the million dollars of the one, than the thousand fortunes of one thousand dollars each, owned by the smaller capitalists. The small fortunes are protected by much extra oversight given gratuitously by unpaid trustees of savings banks and other semi-public institutions. People think they grant great favor in allowing a man to accumulate a million, but they are rather allowing conditions which give them their own desired chance to attempt to do the same.

There is a definite scheme now formulating to effect the final pillage of the rich through graduated, or special taxes. The precedent is already established, since the wealthy already bear nearly all the cost of local expense and improvement. In large centres the sphere of public expenditure is widening

to include parks, libraries, hospitals, boulevards, swimming-pools, gymnasiums, nurseries and dancing-pavilions. The public is already schooled and protected at the expense of the tax-payer; it is only a step to provide the poorer classes with more material necessities. A graduated income tax would supply an extra revenue for such a purpose and inheritance taxes are also proposed. Since we have grown so lax in penalizing criminality, we are going to make up for it by penalizing ability, thrift, prudence and good judgment.

When we make it unprofitable for men to make wealth beyond a certain fixed quantity, we encourage them to extravagance or cut short their activity. It would be as logical to chloroform them when arriving at this fixed state of utility, or condemn them to enforced existence in the vacuous realms of our so-called pleasure resorts. By no means should they be allowed to connect in any way with useful purpose by which they could possibly add to the world's wealth with any fraction of extra personal gain!

The profits that make men rich are not necessarily made at any one's expense. When a man actually saves a million out of the profits of production he has usually created other millions for the public at the same time. The author has personal knowledge of a monopoly which controlled a certain invention for a term of years, making a gross profit of some $12,000,000 within this period. There were heavy expenses for subsidiary patents, experiments, litigation and introduction, to come out of this sum, and

yet the saving of actual costs of production to the public by use of the device in the United States alone was over $250,000,000 — a fact publicly stated and never questioned. Other countries profited with no payment whatever to the introducers, and the profits of all continue to grow.

Under modern sentiment the public might have stepped in to say that enough profit had been made and the introducers could now retire; but the same men took hold of a luckless idea, which had stripped confiding capitalists for over half a century, and they won a success which prompted a high authority to claim publicly that the yearly profits of use would be sufficient nearly to pay the interest on our national debt. Would it pay to discourage this sort of ambition?

It were a poor plan to harass the man who creates ten dollars of value because he keeps one. It were better to restrict the profits of another who lives on the income of property which he did not create nor improve. We can reduce the common rate of income from existing property by enacting laws that shall keep us liberally supplied with currency and by establishing a popular respect for property rights that shall give capital confidence and loosen the hoards of the timid. Interest rates are usually low in times of stability and confidence, if no artificial stringency of currency exists. Capital always demands a premium to offset uneasiness when voters get impractical. Reduce interest rates and a lot of people who now live on income will have to en-

croach on their capital or go to work. Make capital sufficiently timid and it will not flow at all. The rich can stand a temporary loss, but the people suffer extremely when industry is paralyzed for want of the capital which is its very life-blood.

Since we get our earnings, or profits, in money, which is spending-power, any surplus piled up represents restraint of the natural desire to spend available funds at the earliest opportunity. We may be simply postponing the spending until we can get enough surplus to make a splurge, or we may be saving to buy stable property of an income-producing character. In either event we have a perfectly ethical right to withhold from immediate waste, the public meanwhile often charging a commission in the form of taxes to pay for protection against the lawless and the envious. Those who preferred to enjoy the immediate possibilities in their earnings have no right to direct use of a saved surplus, unless it be employed to injure the community.

Yet we find that the utterers of public opinion assume that a man should use a certain per cent of large surplus in charity and devote a certain per cent at death for public benefit. There seems to be a curious idea that surplus always represents the fruit of luck, or gift, or theft, or fraud, — an unearned or ill-gotten hoard, really belonging to the poor plucked people.

It is certainly evident that any surplus represents an amount which has not yet been used to profit the owner, except as he derives income from its use.

Were it spent in silent debauch, the public would show no interest and make no demand. The public really puts a premium on extravagance and self-indulgence.

Many have a cordial dislike for the average type of wealth gatherer since it is self-evident that amongst any group of equally capable and equally courageous men, the meaner, more selfish type will probably save more out of earnings. The possessors are leavened somewhat by a few liberal spirits who have profited by great audacity or good fortune, but such are not often permanent factors. Critics must remember that the very meanness which they condemn is one of the stable factors by which progress is possible. We would not have clean streets if certain men did not sweep up the muck, and we shall not have much property if certain men do not love property more than their fellow-men, — more than themselves.

Wealth is impersonal. The wealth of the rich is not different from the wealth of the less rich or from the small savings of the struggling. Fair treatment of wealth means encouragement of wealth production. More wealth means more wages, more wages more wealth. Those who wish to win fairly can have no logical envy of those who won fairly themselves. If there are any now capable of using fair means there were certainly others like them who accumulated some of the wealth now existing. The possession of wealth is no evidence of evil — the shoes on our feet are wealth. There is no invisible line where just ownership stops and injustice commences. The

one who proclaimed that no man could possibly properly earn a million dollars must have been brought up in a land devoid of inventions, devoid of the genius of organization and devoid of financial pluck. If any allow that a man can properly amass a thousand dollars, it is easily proved that the simple investing of such a sum in any one of several standard investments, fifty years ago, would have returned a million to-day by simple re-investing of dividends meanwhile in the same or similar lines. There are many men who earn enough from their advice to accumulate a million in a brief term of years. There are plenty of inventors who have added a hundred millions to the world's wealth and explorers who have opened up possibilities equal in amount. Others have discovered ways of preventing great waste, introduced economies of system, suggested schemes of betterment. Plenty of wealth has been truly earned — if the earners had only taken it!

The public must learn to draw a distinction between those who make wealth and keep a fraction and those who make nothing but get much. The profits of either class are grossly exaggerated as we almost invariably discover when estates are summed up after the death of the owner. Many with good incomes are living as if they owned the source of supply — when the source owns them. The wealth supposedly in private hands lies often in bank vaults as collateral for loans. It is not what a man has, or what he spends, that determines his fortune — it is the difference between what he has and what he owes.

The quickly enriched are mostly in evidence.

There is a distinct line of demarcation between those who make and those who inherit wealth. The larger makings are incited by the spirit of pride. The wealth-gatherer likes to expose the measure of his gatherings. Inheritors are more moderate in their display. Few like to boast of what another has done for them.

In 1850 a fortune of fifty millions was unknown within our borders. To-day, we talk of one holding of ten times that sum. We ought to be grateful, by contrast, to many who have done as much and taken less, for there are peculiar chances open to those with abundant resources — chances that exist because of wide-spreading prosperity and reckless incapacity amongst the prosperous. One man with fifty millions of quick capital could create small panics in our financial centres at will. Manipulators with much less of resources have governed the market price of wheat, cotton, pork, coffee and other staples. These audacious swash-bucklers cut quite a swath, at times, concentrating much public attention on their monetary exploits, but the unpleasantly obtrusive sink out of sight as the wheels roll on; it is the quiet sow which absorbs the most swill.

The profits of those who use capital are earned in a competition which is open to the entire world. There is no tariff to assist the money-lender, no trust controlling financiers or finances. If we attack, or annoy, capital, we simply drive funds and their owners to foreign shores. There are plenty of natural

attractions in other countries to make existence there pleasurable, and it were dangerous to make the comparison with our cruder delights yet stronger.

The owners of great fortunes will hold them until they are taken away from them, or until they waste them, or give them away. In the giving to heirs, wealth is gradually scattered, but the only giving that directly benefits the immediate majority is that which is made in the form of gratuities.

One might expect that the public would welcome such division of assets, but the public usually sniffs and criticizes. Part of the comment comes from those who dislike kindness since they wish to retain their cherished injuries; but there is much that rests on a better foundation, appreciating the evils in undeserved charities.

Ill advised gratuity can do much to weaken self-reliance and pauperize the self-respecting. If charity encourages dependency, degeneration has set in and dissolution threatens. When a magnate meets public criticism of the manner of his makings by heavy donations for public uses, the public treats the concession as a confession. Let those uneasy from surplus devote it to developing utilities by which the world will be enriched as a whole, rather than provide an excess of mental literary excitement for devourers of light literature or more halls of learning where the immature absorb the stale views of the dead.

It is often assumed that the poor deserve a share in the wealth of the mighty because they have been

robbed by the aggression of the very trusts and monopolies which have multiplied individual wealth. The poor were worse off, however, before the great aggregations of capital were known. Men still living tell of the times when they worked as children in this country, fourteen hours a day for half a cent an hour, and skilled workmen were glad to get a dollar a day. The profits of capital have been steadily diminishing with the advance of civilization. One hundred per cent was recognized as legitimate yearly interest on capital in the time of Charlemagne. There are now standard popular investments which yield not over three per cent on the price that investors are willing to pay for them.

Not that the general improvement should blind us to the associating imperfections! We must establish sufficient security for fitly acquired riches so that the fitly enriched will join in stripping the criminally enriched and preventing criminal acquisitions. When we assail riches, as such, we encourage the rich of all sorts to join in defence. It is the false loyalty of such associations that hampers us in effective reformation. There would be much less suspicion in the ranks of the restless if some well-to-do thief went to jail once in a while and served out his sentence without a pardon.

The views of the majority are supposedly expressed in the periodicals read by the majority. Those who prepare the printed thought may try to cater to their understanding of the actual belief of the people, or they may try to cultivate belief in their own particular

view. In either case they may utterly fail to represent the true current of public feeling.

Public opinion is not a voluntary expression. The people do not publicly express their original opinions. They only know of public occurrences through evidence selected by others with more or less prejudice and purpose. In a health hearing in which evidence distinctly unfavorable to a great class of advertisers was presented, the press of a great city gave its readers no detail whatever, although the information was of great importance to its readers. Without evidence the public could have no knowledge. Its opinion is necessarily a reflection from the opinions of its policy-shapers — its paper, politician or preacher. It does not adopt all the suggestions of its expounders, but it does not wander outside the lines of their suggestions.

When the press, platform or pulpit touch on questions of wealth, we should remember that individual circumstances affect mental processes, unconsciously biassing decisions. Editors, politicians and clergymen — of the type appealing to the majority — are not over-burdened with property, as a rule, neither do they create wealth in any direct sense. Their sympathies are not naturally with the wealth-owner or the wealth-creator. Their attitude on financial matters is inevitably warped, to a certain degree, and that degree must be accounted for in the reckoning.

Why then is not the author's view a prejudiced one? It is, but it is prejudiced in favor of prosperity

for the majority, since the author makes his living out of the profits of sales of products which are in best demand when the country is prosperous. Were he running a pawn-shop, or selling coffins, his advice might properly arouse suspicion.

The only wealth regulation that is necessary is a regulation that shall prevent some from taking what does not belong to them. The people have the power to correct existing evils, but they spend their effort in petty wars of party rather than in co-operation for reform. By reform, I do not mean the equal waste of effort which concentrates on the indictment of a few unfortunates without giving a thought to the devising of law that shall meet the conditions presented by our rapidly changing circumstances.

We need not only better protection but better sense of self-protection and self-interest. It is we who scatter the money that the grabbers pocket, who turn over funds to men miles away, whom we do not know and never will see. It is we who invariably buy what the-man-who-knows does not want.

A noticeable element in the community secretly applauds when some clever one cheats the rich, but perhaps the rich will pass the loss along, even as the grocer makes us pay the bad debts of his worthless customers. The elements of society are interdependent in the main. It is possible for a few to profit at the expense of the others — but we are considering the others.

It is appalling to note what men will do for wealth. They draw teeth from corpses for the gold filling, cut

fingers from dying soldiers on the field of battle and swallow rough stones at the diamond fields. They will poison the milk for children to make a profit and cheat the suffering with substitutes for required drugs. They will erect unsafe buildings, use arsenic in wall-paper, let sewer-gas leak through cheap plumbing and place lead weights in life-preservers since they are cheaper than cork; and, still, it is questionable whether the possession of wealth in the average ownership offsets the attendant annoyances and the attending incentives toward folly and deterioration. The robber often acquires his punishment in the profit of his crime.

Regulation of Monopolies

Monopolies include both majorities of men and means. Our political system illustrates rule by majority of voters, and the monopolies thus established often bleed great cities of enormous sums. We waste time in pointing out the remedy for such simple problems. The questions introduced by business aggregations are more difficult, since they often claim to have organized for betterment. The organizations of the workers demand first notice since they anticipated, and possibly incited, the organizations of capital.

Labor Unions

Labor unions are as old as civilization. In days of autocracy the workers had to band together to

have any forceful significance. Such unions seem somewhat anomalous in lands where the laborers vote equally with their employers, dominate them in number and direct the course of law, whenever they choose to exert their united power.

In union there is strength. But strength is dangerous without fit guidance. It takes the very best brains to govern properly the strength of united human desire. The masses will not respect the advice of intelligent men unless it panders to the unethical demands of greed, or is backed by authority of force.

There is no legal force within a labor union. Such power is pre-empted by our greater Union — the United States. Our labor unions by their very existence imply that a government by the people does not serve their purposes. They must, therefore, have purposes that are opposed to the wishes of the majority — purposes of special privilege — at the expense of the rest of the people, for equal privileges are guaranteed them under the Constitution.

The opposition of unionism to Nationalism is clearly seen in the attitude of unionists to the government as a whole. Not only have union members been officially advised against joining the militia, but the flag of our country has been publicly hissed in a great gathering of labor union delegates, supposedly representing picked men, the very best, if such a class would choose its best. Those who are unwilling to sustain our government are traitorous as citizens under this government, especially when

the antagonism is expressed for the government as a whole, rather than to some single policy which might be fairly open to criticism.

Labor unites to gain strength by volume. If its acts *en masse* were guided by clear reasoning and justice, they could effect good purpose. When guided by mere greed, envy of those more fortunate, or a spirit of revenge for real or fancied injury, they are commonly unethical and unwise.

Even were the actual needs of the majority to govern, the results might be fairly estimable; but bodies banded in organization are swayed by a few clever leaders who naturally look after their own personal interests while assuming to represent the whole. When such leaders live by salary they must show capacity for their earnings and are thus stirred into questionable activity.

Unionists often show deep-felt loyalty to their organization, thinking of it as higher than duty to family, country or law. They yield allegiance because it is theirs — not shared with envied rich or contemptuous superiors. Since it is theirs they should cherish its honor — and not use it in a spirit of greed, malice or folly.

Antagonistic organizations usually owe some strength to the errors of the antagonized. There are many questions necessarily arising between employer and employee — questions which can not always be settled between workmen and their foremen. If, when workmen select one of their number to present their view, occasion is soon after found to dispense

with the exponent's services, no wonder that the men join unions which furnish special officers to act in representation.

Employers often will not recognize the right of any outsider to interfere, and strikes often ensue. The primal error may consist in the arbitrary position assumed in not recognizing the rights of workmen to discuss matters of possible moment. The employer who cannot explain the reason for any existing condition is admittedly defenceless in supporting that condition. There might be more good feeling, good work and common loyalty, were relations between employers and employed more confidential.

The arbitrary policy has given us the unions and the strikes, the desire to strike, to limit supply of help, to limit service and to antagonize in politics. Mistakes breed errors and errors are evidence of mistakes. No class, or kind, is so virtuous that it can wholly deny complicity for prevailing abuses.

Unionism aims at higher wages, less hours of labor, and easier, or healthier, conditions of toil. It also expects, in time, to secure indemnity for injury, whether caused by negligence on the part of the laborer or not, some system of old-age pension and some protection against discharge without notice. Higher wages for all would be of no value to any, since all prices would rise proportionately. Less hours for all would reduce the earnings of all. Other suggested changes tend to eliminate the owner of property as a factor in deciding how he shall run

his own business. These changes are to be brought about by voters, which eliminates the necessity for the union as a factor. The unions are clever enough to aid in measures that please the whole body of workers, but they are first interested in getting higher wages and shorter hours *for union members alone.*

Were all workers unionized they would soon find that they can not have more than the whole profit — for an appreciable period — and some of them get that already. Favored sections, however, can force higher wages by raising the price of product, or service, in which they are interested. Thus, if there were ten trades, and the unions controlled five, they could profit by raising their own wages, for they would be able to buy from the other five trades at the old price.

The trades in which unions can succeed in raising wages and prices are limited by the competition from countries which the local unions do not control. Even with the tariff, we get brisk competition in various lines of manufactured products. It is impossible to raise wages when the price of production here is so high that we can not compete with foreign importations.

Unions, therefore, find their logical utility in lines that are naturally protected, or of local significance. Foreigners can not ship us houses ready built, they can not print our daily papers. Local traffic demands men conversant with our streets and addresses. Immigrants may not promptly replace them. It is, then, in the building trades, the printing trades and

the trucking and teaming trades, that we find the strongest unions and the highest pay per unit of efficiency.

We have had successful strikes in the anthracite coal industry, but they were possible because no other country has such coal to spare for us at reasonable rates. We all know what the success of the unions has meant for us in getting higher pay in the favored trades — costlier buildings, higher rents, costlier coal. The merchants of Chicago had to build a freight tunnel to outwit the truck-drivers and the newspapers are forced to accept questionable advertisements to offset the extra cost in their printing departments.

The conditions in the building trades furnish an excellent illustration of unionism gone mad — less buildings and higher rents for the community, in order that some special limited class shall have shorter hours and higher pay than other laborers of equal capacity. The great mass who suffer from high rents blame the landlords, but the landlords are able to demand higher rents only because new capital can not be profitably invested in other buildings since the cost is so high. Every dweller in a foul-aired flat should stop and think out why he has to sacrifice his self-respect. It is because he, and we, do nothing to prevent the tyranny of men's monopoly — the greed of the unfairly paid workmen, unfair in the excess enforced.

All trades can not demand higher wages as they would wreck unprotected employers. Limited

sections can get advantages within any trade and these advantages are always at the expense of the majority, since the majority is thus kept from sharing in any natural increase. If there is a general rise, the unions claim the credit, although prosperity also brings higher wages to sections of the country in which the unions have no footing.

In ordinary times in any wide trade there is one section on the verge of bankruptcy, one section keeping even, and one section making good profit. In good times, the last section will be making great profit and the rest some profit. In bad times the first section fails, the second section loses money and the last section holds its own. It is possible for these variations to exist in individual instances when the plants and equipment are similar, the difference being solely in the management.

Now the unions want the profiting section to give them higher wages, but why should it? It would dissatisfy the workmen in the other sections, or force their employers also to raise wages and run at more loss. The consumers will urge that the profiting section should reduce the prices of its goods; but that would also ruin the other sections which must meet the prices. There is no justice in giving unions extra profits that are not due to any extra exertion of their members.

Yet the sentimental public expects prosperous employers to raise wages, reduce prices and dispense any possible left-over surplus in private charities. The fact that some yield to the suggestivity of

expectation does not necessarily establish a precedent for the rest to follow.

There are many individual industries where the cost of producing the goods is not low, nor the processes economical, yet they profit by shrewdness in purchase of raw material, or cleverness in placing, or advertising, their goods. The workmen may be an average lot or actually low in comparative efficiency. Through what twist of logic are they entitled to a share of such extra profits?

Workmen have a perfect right to say they will not work without a certain pay, but their say is of no consequence unless it be a fairly universal decision. When the laws of supply and demand have adjusted the standard there is no reason why one employer should pay more than another for the same service.

An employer is certainly justified in paying extra wages if his men are more loyal and more efficient than the average, but even then there would be diversity in capacity which should properly require adjustment to individuals. Any discriminations of this nature are strongly fought by unions since they want to have their members get increased pay *because they are unionists*, irrespective of their varied capacity.

It is common knowledge that unions discourage extra effort on the part of their more competent members for fear it will emphasize the inferiority of some other union members. This has resulted in the setting of a scale in England that determines

how many bricks a mason can lay per hour, with union inspectors keeping count to see that none do more than the poorer workmen. There is no disposition to assist the employer in obtaining results; the unionists are working for themselves and aiming at giving the least work, in the fewest hours, for the highest possible pay.

The piece-work system affords a just method by which an individual can profit by extra skill and the premium system for perfect work is an associative means for better results. The unions always antagonize reward for capacity. Their lowering of labor to the level of the least fit is so plainly unfair as to bring contempt on the whole union body. If the stupid and the slothful are to determine output, why not go further and set standards by bed-ridden cripples?

Many considerate people believe in a shorter-hour day whenever it is feasible. They argue that more leisure will expand desire, exercise faculty and aid progress toward a higher civilization. Development demands diversification and we need it more than ever since specialization makes toil more tedious.

Eight hours may seem long enough for any employment of continuous application, but we cannot have an eight-hour day unless our tariff barrier be kept towering and unless a better profit be allowed to the employer. The plant which runs less hours loses in almost every line of general expense.

And we cannot have the universal eight-hour day without less wages or higher prices — which amounts to the same thing. We hear a lot of cheap talk about workmen producing more in eight hours than in ten, but how can this apply to industries in which the machine does the producing? Manufacturers run their machinery as fast as they can now — it is absurd to think that a machine can produce more in less time.

We can imagine a possible re-adaptation of conditions under which factories can run with double shifts even longer than now, and we might rhapsodize on a beatific routine of labor under which the worker shall do his little stunt in the mill in the morning and refresh his soul with the weeding of potatoes in the afternoon, some other worker, fresh from the farm, exchanging to the vacant mill job. There are many things possible, but few practical. If the workers want the eight-hour day to-day, they must pay for it out of their pay.

The average wage of the worker has doubled in dollars and more than doubled in purchase power within the last fifty years. This rate of gain can not continue indefinitely. We have had a new country to exploit, rich in fertility and mineral wealth. The best land is now taken and further development of area must come through expensive irrigation or other reclaiming. Machinery is reaching its logical limits in certain lines — the improvement to come will be of minor importance. There are many machine applications to-day in which an operative

now does the work of a thousand operatives one hundred years ago. Were one to replace a thousand of the present type he must do the work of a million of the earlier grade — which is absurd. The producing power of the soil is decreasing under use. There are few radical changes conceivable in our farming operations.

The worker can not therefore depend on the inventor to keep up the present scale of cost reduction. He must begin to do more of himself. He must aim to help instead of to hinder — to get higher wages by doing more work or better work. If he does not get fair pay for his labor he should change his employer. If he cannot be loyal to his employer it were better for both that they should work apart.

One should not place a false value on his capacity when conditions affect its value. Worth is not determined by capacity at all times — it is determined by supply and demand. A machinist may be more intelligent than a bricklayer but he will get less pay if bricklayers happen to be scarcer than the demand. Poets illustrate a refined type, but the world pays them poorly because it has but little use for poetry, refined or otherwise. It is well to be ambitious — but not too ambitious. Many restlessly reach for positions beyond the limits of their capacity. The one who knows when he has "arrived" is saving himself a lot of worry and disappointment.

The world receives in rain just the amount of water drawn up into the clouds. Certain sections

get more than their share, which necessitates less than their share for other sections. There is a certain amount of product made and that product limits the wages of those engaged in its production. If some of them get too much, the rest must get too little. If the union members are over-paid, some of the rest *must* be under-paid. You can get but two pints out of a quart pot.

A herd of wild horses is of no economical importance. Break them to harness and they can pull the plough and help in the raising of farm produce. No one contends that they shall eat all the grain that they assist in raising; yet many assert that labor is entitled to the whole product made, although machinery does most of the work. If brains design a device which enables one workman to do the work of two, it is the brains and the dollars which produced the device which are doing the labor of the man discarded, and those who supplied the brains and the dollars are entitled to that man's pay.

Were it not for the complications introduced by money, the problem of division would be easily solved. Were laborers paid a share of the product actually made by their efforts, they could easily see how much was left for the employer. The use of money enables the laborers to take at times more than they actually make — though they will never believe it. They get their pay while the product is making — it may be sold at a loss.

The ultimate evolution of the corporation system will undoubtedly yield some sort of profit-sharing

opportunity for all those workers whose individual control of results aids in determining the size of the profit. When each worker appreciates a personal loss from the shirking of his fellow-worker, there will be less shirking and less waste.

The only way in which to get all that one makes is to work for one's self — but one's self may be a very incompetent master. The majority are no more fit to employ themselves than they are to physic themselves.

The unions have not only forced under-payment of some through their own excess, but they have forced many out of work entirely. They have forced minimum rates of pay in certain lines which are so high that the employer will not hire any but the very efficient. The old men and the slow men can not ply their trades at all. The unions have also discouraged the cheapening of products to the consumer by discouraging the use of labor-saving machinery in demanding all its profits. The author has personal knowledge of a case where men split stone by hammering on small drills for two dollars each per day. Expensive air-compressors were installed and pneumatic drills given the men which greatly reduced their effort and required no more skill — the men changed over to the air drills on a day's notice. Appreciating the profit to the employer in the use of the new process, these men struck for an increase to four dollars and fifty cents.

I know that there are decent men in the union ranks — honest, but misled men. There are some

honorable men on both sides of every great question, but one side is usually wrong. We must ignore individuals and consider principles.

The unionists might have attained more as a whole, if they had never organized. It is poor policy to force employers to do what they might have done by their own volition; they will ever after wait to be forced and fight against enforcement.

Workmen don't like to work — as a rule. They hold the employer responsible for the existence of work and therefore cherish a fundamental grievance. They should remember that the employer is also responsible for the wages and not legally bound to pay any particular price for labor. It is not good taste to demand a favor as a right. Little is gained by bullying a weak employer into bankruptcy; it simply hastens the breeding of martinets.

It is useless to criticize men for taking legal advantage of opportunity. We should rather criticize those who allow the opportunity. It is just as natural for unionists to gain selfishly as it is for any other sect which disregards primal ethics. It is just as natural for them to support their law-breakers as it is for social lights to hush up the evidence of crime in high circles. When the notorious Sam Parks was found guilty of blackmailing contractors, his cohorts put him at the head of a labor procession to emphasize their continued regard. As one expressed it, "We don't care how much he made on the side; he got us four dollars a day." This seems distressingly immoral, but why different from the publicly printed

recommendations for re-election of supine life insurance directors, or the acts of their whitewashing committees?

No, it is useless to grow indignant when strikers maul scabs or jack up wages on a contractor in the middle of a contract job. We should rather rejoice that success tempts to excess, since reformation is thereby hastened. Combinations of workers must be handled by combinations of employers; and remember that the employers always have the right to stop and wait whenever it is really necessary.

Many of that great indefinite class known as the people, think of the union as a valiant knight, fighting for the rights of laborers in the whole. Nonsense! little effort is wasted for others in this hard-headed age. Laborers should be wearying of those who think to flatter by sympathizing with them as poor abused weaklings. There is too much sentimentalism squirted into labor discussions. The demagogue appeals to sympathies since he is not qualified to appeal to reason. The unions are lessening the value of the average laborer's dollar, while claiming that they get their excess of wages out of the pocket of the employer. Of course they get it out of some one, but the employer is a man who has qualified himself as an expert in looking after his own interests and it is hardly likely that he suffers from those whose experience in finance is far less.

High pay for short days profits little if the days are few. These high wages in the building trades have

brought about long spells of idleness. Let the higher paid workman honestly figure his total yearly earnings and see if there be any real increase. If there seems to be a surplus, let him figure the added cost of common purchases increased through higher wages to other trades. If he really thinks he has profited, what has he got to prove it? Has he had any better food, any better home, any more money in the bank? Is he as sure of his job and on as good terms with his employer? Is he not a bit nervous at the thought of possible business depression which will make his services unnecessary?

Yet, while the unions may have hindered more than they have helped, it is not too late for reform. Their increasing intelligence, acquired through experience, will teach them that they have great power for self-help if they join with their employers for mutual benefit. The problems of the future are to be solved in halls of legislation and the producers should be strongly united in defence of their legitimate interests. Too commonly we see employers straining all their energies to protect industries, which employ laborers, to find that their most serious opposition comes from the very voters within their plants who fight their own future favors because of blind antagonism to those from whom they get their pay. Did they know how those enriched through their stupidity laugh in secret at their folly, they might be shamed into sense; but the very existence of profit-sucking do-nothings is evidence that ignorance courts chastisement.

Trusts

Great aggregations of capital are making great profits.

Many think that they are making unfair profits. They see dividends paid on stock issued on the very capitalization of concentration and urge that it is not just that the consumer should make value for intangible assets.

The consumer has possibly forced his own undoing.

It was the organization of the workers and the sharp competition of the employers that forced the first to combine. The consumers did not prevent the hardships that produced the necessity, they even hastened the outcome by threatening our financial standards and fooling with our tariff schedules. On discovering that combinations of the weak can bully a few of the strong, employers conceived the bright idea of combination amongst the strong.

The individual employer did not willingly yield his freedom to become a mere unit in an aggregation. Many still hold out against the modern method since they will not sink their personality and surrender their control. The new system still demands leaders, but fewer in number and bigger in brain. The trusts that have found such men are uniformly successful.

If no new legislation interferes, we shall very possibly see in time the preferred stocks of the stronger trusts sell on a three and a half per cent basis, as our best

railroad stocks have often sold. If this happens, the holders will gain at least one hundred per cent by the increase in value of this stock, which was usually transferred for the actual value of their former properties, and make at least another hundred per cent from the value of the common stock, usually given as a bonus, but averaging, in normal times, to be worth more than par in the better established of these large aggregations.

It must be said that the original holders of trust stocks have been generous with the public since they have not always been loyal to their own properties. People have had ample opportunity to purchase Sugar-common and Steel-preferred around sixty dollars a share, Amalgamated Copper under forty, etc., etc. The well-managed trusts have not only increased in valuation, but they have also increased in assets. The original water in the common stocks is being soaked up by surplus. The possible new competitor is daily put at an increased disadvantage. While it is comparatively easy to combine existing industries, it is relatively hard to get large cash capital to fight the combinations, especially when the larger capitalists are so connected by investment and association as to desire no increase of competition.

If the profits of the trusts are due to the economies of the new system, they are entitled to them for awhile, just as much as is the one who adopts any profitable betterment. If they are due to restriction of output in time of over-demand, they are tyrannical and vulnerable.

We used to hear something of this restriction of product in the early days of combinations, but that particular bogy seems to have been lost sight of recently. The steel trust has not only been forcing all its furnaces but putting millions of capital into new plants. The Amalgamated Copper Co. inaugurated its early career by breaking the price of copper and keeping it low for a period. No one has claimed that the tobacco trust does not sell as good cigarettes for the same price as did its component companies, nor has it reduced the size of the plug. The Standard Oil Company has certainly had to take a great deal of criticism, but even if all that we read is true, it does not necessarily follow that all other trusts are equally culpable. There are differences in corporations as in individuals.

If we admit a certain percentage of lawlessness in the average human being it is logical to suppose that a large corporation, acting necessarily through thousands of officials, should show more of human error than a single individual, or small corporation. It has not yet been shown that any one trust is more unlawful, in the whole, than were its component companies before assimilation.

If a trust lowers prices the public denounces it as a sneak, bound on ruining a small competitor. If it raises prices, the same public, in its rôle of consumer, is ready to sanction lynch-law. The outcries spring from envy rather than injury. There is always a howl when a trust adds a cent to the price of a gallon of oil or a pound of sugar, but none re-

buke the farmer when wheat sells at a dollar a bushel, or when cotton nets him one hundred per cent profit. The rich are always in the wrong!

When the great department stores reduced prices and began to lessen the profits of the small storekeeper, there was a great splutter of wrath. Legislators actually tried to prevent the cheapening of distribution by urging laws, at popular demand, that should prevent the selling of varied goods in one establishment. Public sympathy was actually enlisted against lower prices because they might make some rich man richer. It is said that the war against the mail-order houses is preventing us from having a cheap postal-parcel system with its great economic advantages for all who live outside of cities. The public protects the small dealer at its own expense, because he *is* a small dealer.

As to the question of higher prices, we should remember that in the fierce competition before trusts were organized, prices often went below the actual cost of production. It is not fair to quote those prices and insist that the trusts should duplicate them. The trusts often have to raise prices because of high prices for raw material which they use. We should have had high prices at times if trusts had never been known. We have high prices in many lines in which trusts have not been attempted. We have high prices for hay when there is no hay trust, high prices for lumber when there is no lumber trust. There has been great outcry against those who control a certain range of food products, but there is

still plenty of land on which to pasture cattle and raise chickens.

If we analyze the bulk of criticism, we shall find that the small producer, who claims that the trust is immoral because it under-sells him, is just as noisy as is the consumer who claims that trusts have caused higher prices. It is plain to all that trusts will encourage competition if they keep prices too high. The fact that they do have plenty of competition proves that they allow the smaller concerns to make profit enough to keep them alive; and if they do not allow them a fair profit, it is we, the consumers, who get the benefit. We hear some talk of trusts profiting by rebates; but they are said to profit because they can under-sell competitors by means of the rebates. Take note that the consumer is getting low prices through the very rebate that he condemns.

The public is not educated into understanding the spreading benefit of an economical application. When a trust makes a profit by elimination of expense, that profit adds to the real wealth of the world — if the world makes use of the released labor, as it invariably does. These profits increase capital, reduce interest-rates, lessen taxation and give means by which to produce more wealth, or still further reduce expense. The savings by system are identical in kind with savings by inventions.

The trusts may have driven weak competitors to the wall, but why might not common competition have done the same? The weak are falling every

day in every line. It is easy to pile up responsibility on a common scape-goat. Why not make the trusts also assume the burden of flood, fire, earth-quake and summer-complaint?

If we make so much to-do before we are really hurt, we shall have no vigor left with which to remonstrate when the coming greater evils arrive. Corporations are definitely aiming at control of necessary raw material and whenever this is done they are in a position of absolute domination. The world is not so large but that we can easily conceive of single corporations controlling the bulk of its fuel oil, its anthracite coal, its copper mines, its ore lands, etc., etc. The limits of extortion under such a system are to be governed solely by the greed of those profiting or the laws which shall define their limits.

The percentage of mean trusts might be no greater than the percentage of mean men, but that is sufficiently ominous. We should not expect trusts to be any better than the people who compose them, or oppose them, unless we make them act better by laying on the law.

Some day the trust magnates will look back on present possibilities, exclaiming, like Clive, that they are astonished at their former moderation; for were they to pattern more closely by the labor trust, they would not only raise prices one hundred per cent, or more, where possible, but would join with other trusts in "sympathetic" action, refusing to sell us anything at all unless we patronized them exclusively

at the prices demanded. They would hire sturdy thugs to use brass-knuckles and lead pipe on any small competitor who dared show independence, inciting mobs of boys and women to insult his family and break his windows. We may remember that in the St. Louis street-car strike women caught riding on the cars were stripped naked and whipped with the rags of their torn dresses. In Chicago, within recent recollection "scabs" were kidnapped and ingeniously tortured at leisure. Horses pulling non-union teams were made unmanageable by brittle missiles loaded with vitriol. Why should not the trusts adopt these popular reprisals? How would it seem if we were refused coffins by the coffin trust and burial-lots by the cemetery trust? It seems quite different when the boot is put on the other foot!

How do we know but that the trusts may temporize with the labor question by granting absurd wages and then forcing us to pay them? Forced wages might stimulate forced profits. When force is in evidence some one is going to get hurt. The innocent often blunder within range of the bullets. Those of us who do not own trusts or belong to unions, might be whip-sawed — cut both ways.

If the trusts destroy individuality and threaten independence, if they clutch the consumer by the throat and shake him till the dollars drop, the people will be largely responsible; for the people have treated the large employer as a robber baron, a man without soul or honor, a man delighting in grinding

down labor and gloating over the purchaser, a man who bribes the legislator, a man socially dubious and morally incomplete. What wonder that some should be willing to deserve the blame!

The producing trusts have simply copied the routine of railroad evolution. The railroads gradually consolidated little lines, joined their tracks, centralized stations and adopted uniform gauge. We had hundred-million dollar railway corporations long before the manufacturers combined. We would hardly care to go back to the annoyances of earlier time when a days' journey meant several transfers, with stations connected by horse vehicles, with many purchases of tickets and several changes in checking baggage. It is bothersome enough as it is, but far worse in earlier history.

Regulation of monopolies can only be accomplished by limiting the prices they charge, the profits they make, or the size of their capitalization. If there be true economy in large corporations, a restriction of size would be opposed to public policy. Profits might be limited by change of charter, preventing the declaring of dividends beyond a certain figure, or accumulating surplus beyond a certain amount; but such a plan would remove the incentive to reduce costs and be ethically pernicious for that reason. It would be almost impossible to set definite prices for products in view of changeable prices for labor and raw material. There seems to be only one feasible way, and that way has never been suggested, so far as the writer knows.

Suppose we were to have large corporations rechartered under National charters, as has been already proposed, we might have their prices subject to control by the Inter-State Commerce Commission, but changes would be slow and infrequent with such a method of correction. Suppose that, instead of limiting these corporations, we forced them to expand, when successful, by incorporating in their charters an obligation to sell new issues of stock at stated periods if purchasers offered payment, in amounts sufficient to meet the subscriptions.

Under this plan, large dividends would attract purchase of new stock and force the corporation to pay dividends on a new issue by using the new capital to advantage. It might not be wise to let the new subscribers have the stock at par. It might be well to have them pay a premium for it, so as to put the original contributors on a relatively better footing. There ought to be an extra profit for those who risk the first capital. Once set the proper price for new stock subscriptions and the price could never rise above that figure. There could be no stock-market manipulation forcing high prices to arouse interest and ensure loss to the duped investor. There could be no assured stock control, since new stock could be purchased indefinitely. Such a plan would make the successful corporations grow and they would naturally eat up the unsuccessful sort — all of which is economical and evolutionary. The managers would be driven to make profit in order that their own stock should retain value. The ex-

periment would be interesting — and we learn only through experimenting.

With any such continued increase of capital it would be necessary to guard in advance against the familiar robbery by which those who vote for purchase profit by ownership in the company purchased. The dominators in a corporation often own but a small per cent of its stock. If they make their parent corporation buy up some other company, in which they have larger ownership, they will naturally profit when paying more than it is worth. This trick is hoary with antiquity, but common enough in present practice.

It is not necessary that all corporations should have National charters, for it is impossible for the majority to monopolize with their limited resources. It would be simpler to try the new plan on a few at a time and those with more than $100,000,000 of assets would furnish plenty of opportunity. It would be difficult for any corporation to monopolize any source of raw material with less resources. In the re-chartering there should, of course, be a new capitalization of assets, since they are so variously valued under present systems.

A uniform charter for all corporations would have definite advantages, since different states now allow different privileges, and thus secure incorporation of certain companies in sections which have no great share of their business. The fees thus earned by certain states pay all their expenses at the expense of other states where the money ethically belongs.

There are artificial monopolies, such as rights of way for railroads, exclusive use of streets for pipes or conduits, etc., which are not necessarily capitalized in large amounts. They illustrate local problems, however, properly dealt with by the immediate powers which granted the rights. There are also patent monopolies, but these are specially licensed since they give special value to the public. They can not control necessities, since they only control things of recent conception which the public has not known of prior to their invention. Control is limited to a short term of years to free them for use by the time they have become necessities.

It might be urged that under the increase-of-capital plan, the insiders would know in advance of any large profits and thus get stock just before some extra dividend. The time of issue of new stock might be governed to meet this objection, but even if the men who ran the corporation did get a slight advantage they would be certainly more justified in having the advantage than the outside public which does nothing to assist in making the profits.

It would be most unwise to prevent all possibility for large profits, since the possibility stimulates activity in economy and betterment. It is well to have some productive ventures appear extraordinarily profitable in order to attract capital into productive lines. Were it not for the known profits of the few, business would contract and stagnate. Investors will put money into any venture that gives a rare chance at a great profit, sooner than into one

which gives more frequent chance at a lesser profit. They will even invest in lines which average a loss, if there be a chance for a big winning once in a while. This is proved daily at Monte Carlo. It will not do for the envious to plan to eliminate the extra profits that make progress possible by feeding confidence.

Pin-headed people wish to confine the scope of progress within the narrow limits of their own comprehension. They should realize that large enterprises demand the use of large units of capital in a liberal, time-annihilating spirit. They would protect themselves by prevention against the possible evils of untried methods and also prevent the possibility of gain.

The very hesitancy of the suspicious will possibly prevent any radical attempt to introduce novel methods of regulation. We shall probably fall back on the policy of pin-pricks, publicly annoying the ponderous whenever the public eye glares in their direction. We may comfort ourselves with the faith that the men who are large enough to handle these enormous properties are possibly big enough to ignore injustice and spite, far-seeing enough to refrain from provoking the more virile of the population, who will not stand intentional, or constant, abuse. If there are evils in great power they can be rectified by greater power. We may have to develop that power with considerable care. It needs a type of legislator as its agent which is not only above the chance of bribe, but sufficiently intelligent to plan, or follow, the necessary line of reformation.

Public sentiment should prepare the way for corrective edicts — it may even prevent the necessity for their application. We should show the strong that it is cowardly to take unfair advantage. Appeal to the better instincts of the able men in charge of these great organizations, rather than fume in puny rage, condemning actions that most would imitate, or exaggerate, if equally sure of profit.

The problems of the moment always seem more serious than those of any other time. We find the solutions as we go along, or we find expedient make-shifts that serve immediate purpose. We shall secure justice the sooner if we are judicious in our criticisms and judicious in our desires.

Our industries may eventually be managed like well-disciplined armies — some head centre of authority dictating general policy to various lesser authorities. In the gradual swallowing up of the little by the big, we may some day have one great producing, transporting and distributing corporation; or, at least, one great holding company with ownership of a control in the majority of the other corporations. Under such a plan the individual will be as a cog in a wheel and that individual will have to exercise his individuality outside shop hours. With the final application of such a system there might be more of such outside time available.

There is never a gain without some loss and there are always plenty who will magnify the loss. The trusts may be purified and perfumed in the coming regeneration, but they will not give us back the old-

fashioned employer of the better type, the picturesque and dignified factory-grandee, who over-lorded his little village with a stern sense of personal responsibility for the welfare of his help, both in and out of the mill. His sense of ownership made him considerate of those whom he owned. The agent of others feels responsible to the others alone.

Every marked change thus brings errors of crudity, which seem, at first, to over-shadow the benefits. The use of steam-power brought the factory and the invention of power-driven, labor-saving machinery, which seemed at the time to threaten the means of existence of the majority and enslave those unfortunate enough to be enticed within the grim buildings. The machines were often dangerous, the buildings were ill-lighted and poorly ventilated, the hours were too long and the pay too low. We had to pass through the stage of trial in order to arrive at betterment, and none would now wish to go back to the day of the spinning-wheel and the hand-loom. The trusts are as yet but an experiment; it were foolish to condemn them too early.

In using the common term "trust," for a large corporation, I merely follow public habit, without meaning to imply that these corporations follow the lines of combination which were introduced at the time when the term first found application. Certain forms of pooling and price-agreement are now forbidden by law. The prominent trusts are carefully chartered to come within the rules applying to all corporate bodies.

Some of those surface students who evade the labor of analysis, speak of corporations, or magnates, as floundering in profits which crop up wherever their capital is planted. As a matter of fact, in the recent most prosperous period of our history, it was difficult for men with means to decide how to invest their earnings. Stories of large profits did not tempt them to duplicate the rolling mills of the steel trust, or the refineries of the sugar trust. The large profits of the cotton mills were not creative of new mills in plenty, for capitalists remembered years when profits were nil. It may be generally stated that there is no general line of business which seems to offer extraordinary attractions to idle money, because people have begun to realize the dangers and the hardships attending any industry which has to face keen competition, antagonistic labor, possible disturbance of tariff and hostile legislation.

Revision of the Tariff

Many think to regulate the trusts and limit great fortunes by restricting the governmental favors which, according to their own interpretation of causes and results, have enriched certain individuals and corporations. They thus assume that a tariff is a tax on the many for the benefit of the few, — an unethical, abominable fallacy.

The tariff-defenders, or protectionists, on the other hand, point to the records of past and present history, which show how a high tariff revived the

finances of France under Colbert, redeemed its credit under Napoleon, and is now adopted by practically every civilized nation but one. They point to proof that certain protected nations are forging ahead of that one and point to our own short record in which the periods of low tariff have invariably been accompanied by panic and distress.

The whole question rests on comparative benefits. Are the rights, or wants, of those who will prosper by lower tariff *more important* than the rights and wants of those in opposition? The low-tariff group certainly includes a considerable element of intelligent, educated men — men of means, position and influence. They dominate the printed thought of our older sections and are assisted by a great political party. It is possible that the tariff prospers them in spite of their outcry, but we can assume, for argument, that it does not.

Tariff either exacts a tax from imported articles or enables a home producer to sell somewhere near the price of the imported article plus its tax. Home competition often brings this price considerably under its possible foreign competition mark, but there is no question but that the effect of tariff is to encourage production in lines where higher prices are taken from the consumer than might be possible, on the average, with no tariff at all.

We are asked, as consumers, to pay the higher prices, since we are therefore enabled to keep our money at home, increase productive population, vary the possible application of effort and pay high

wages. This is all very well, as long as we, as producers, or dependents on producers, profit sufficiently to more than pay this extra cost.

It is foolish to think that we gain mathematically by raising prices and giving ourselves extra profits to pay them; we shall not profit, necessarily, by making more wealth while letting in a larger population to share it. The concrete value of a worker's product is just the same whether he be paid one dollar, or two, for making it, or whether he pays one dollar, or two, for it as a consumer.

It is equally foolish, however, to think that human problems can be solved by equations. If the worker is given more encouragement to work by calling his wage two dollars instead of one, we not only get more work, but we encourage idle men to try and get chance for work. The value of an economical policy is practically determined by the percentage of men it engages in wealth-production, or, still more carefully stated, the percentage of value to population which it causes workers to produce.

It might be found more economic to have one million men raising wheat rather than to have two million men raising corn. There is a definite limit to the consumption of all food products, since we have limits to our digestive capacity. There is practically no limit to the use of manufactured goods, so that all thinking nations wish to encourage growth of manufactures.

We can conceive of a government so tyrannical that it might enslave its producing population, pay

them no wages, put them on cheap diet and undersell every civilized community. There are, in fact, nations so enslaved by tradition and so dominated by circumstances, that their workers are willing to live on poor wages and do thus undermine the scale of living in more ambitious regions. Some say that it is profitable to take their goods as long as they are foolish enough to sell them at cheap prices; others say that such encouragement reacts on the prosperity of the purchasers.

Here, again, the mathematics in question would clearly limit the answer, if mathematics were reliable. Laborers become less and less of a factor in production, however, as machinery takes their place. Machinery is developed where laborers are quickened in mind by encouragement and also where there is an extra incentive for labor-saving machinery because of the high wages paid those who run it. There are many industries in this country which needed the protection of a tariff to enable them to start, which now produce cheaply in spite of high labor-cost because of the betterments inherent in our acute activity.

But the "infant industries" often continue to demand protection, and this offers the tariff-reducer his most logical argument for revision. Is it policy to continue the forced high prices after giving the producer opportunity to get fairly started? It certainly is, if there be good reason why manufactures should be encouraged at all, for the very improvements which might give the new industry a

chance in foreign competition are often copied by foreign rivals. Sometimes we note revisers quoting with glee statistics proving that we are actually exporting certain manufactures which are protected by tariff; but such instances almost universally illustrate circumstances in which there is some temporary advantage because of patent, or process, which cannot be instantly adopted abroad.

The problem is so complex as almost to baffle accurate analysis. If we buy at home what costs $100, we have the thing and the $100 as well, while if we buy from a foreigner for $75, we have the thing, some one of us has saved $25 — but the country has lost $75 of its capital. If we add a tariff of $25 and buy of the foreigner at $100 the government gets $25, we get the thing and the country has $75 less of capital. We have not, however, used up any of our raw material, in the last instance, and much of our raw material is distinctly limited in volume, so that use diminishes our reserves. It is possible, but not inevitable, that the foreigner may spend the money received here, taking something in return, leaving us with our money and losing to us the value in the thing thus exported. The question of which gets the freight rates complicates the already intricate situation. Then it might be shown that to produce all at home involves the necessity of immigration, thus making more individuals to share in our wealth.

While we may hesitate in evolving theories, we can not avoid facts. Protection *does* increase the industries protected. In our own country it has

certainly enabled a relatively high rate of wages in such industries. We have adapted our whole commercial system to a protected basis.

Admit that great industries have grown up under the protective system and it must be admitted that there is no gain to the tariff-reducing consumer unless he is to purchase the produce of those industries, or others like them, at a less price. This can happen through entire elimination of the home producer in favor of a foreign seller, but that eliminates the wealth in the home producer's facilities and turns loose an army of laborers who may not be fitted for other employment, even if such employment offered itself.

The elimination of wealth increases the burden of taxation on any remaining wealth. The laborers are hardly going to find employment through increase of other industries when purchasing capital is going abroad in extra volume. The percentage of the unemployed would undoubtedly increase, though some of them might possibly return to the countries where more production was thus stimulated.

Those remaining out of work are going to eat, whether they earn wages or not. They are also going to drink — more than usual — and they will have other reasonable and assumed necessities. The general public will have to stand the expense of their keeping, no matter how indirectly the cost may be assessed.

Lower prices are also possible if a lower tariff forces the home producer to reduce costs, as he must, and still keep running. Some might say that

he could lower prices by reducing profits, but the public would not be greatly interested in any measure that simply gave it the average margin of profit on tariff-protected goods. Profit is based on capital employed. The proportion of profit to wholesale selling price is often too small to be seriously considered by the retail consumer, and it is the retail consumer who is supposedly active in forcing lower prices. The manufacturing profit on certain grades of cloth is but a fraction of a cent a yard, a few cents on a barrel of flour.

But the manufacturer is not going to give up his profit. He only profits now through severe struggles with competitors and he will have still harsher competition with foreigners additional. He is going to keep his own profit preserved so long as he can reduce costs in other ways, and his pay-roll is going to suffer the first cut.

If the help will not work for lower wages, it will crowd into other competition and possibly release those who will. With any notable unsettling of tariff rates there would be periods of stoppage and uncertainty which would scare labor into the acceptance of any living wages at all. We know what results at such times, for we have had repeated experience. The threat of less profit in production holds up investment in new productive enterprises. Lower wages limit purchasing capacity, for the lower prices do not spread evenly or quickly. Interruption of the accustomed flow of capital threatens values, securities fall, loans are called,

bankruptcies follow, hard times set in, trade slackens, jobs lessen and soup-houses are inevitable. The voting protected-producers should be careful that it is not their own unthinking folly that assists in these blunders which bring so much sorrow and mortification to the blunderers.

The very lessening of property values would be sufficient of itself to bring about a panic. Surely any one can see that if reduced tariff brings reduced prices, we must have an immediate and sharp reduction in value of all the goods on hand made on the old scale of values, and also in all the property in which protected produce was an element. Every corporation and every property-owning individual would have to re-value much property. The corporations would show heavy losses on their capitalization. They would have to defer payment of dividends till they made up such losses. The panic, failure, horror of such an upheaval are utterly beyond computation.

No class can profit, except at the expense of another class, or classes, unless it directly increases the production of wealth. Those who ask for lower tariff, who do not produce wealth and who would not thereby increase their production, must expect to profit at others' expense. They must get that profit from employers or their workmen.

Some of the more honest tariff-reducers are perfectly willing to admit privately that they do expect to take it out of the workmen. They say that our workers are over-paid, extravagant, vicious, unrea-

sonable and disrespectful. They justify any change that gives the cultured non-producer a comparative advantage over the laborer.

This type unquestionably believes itself superior to the masses and justified in profiting at their expense. It has a thinly disguised contempt for producers, since it considers itself a finished product. It takes great satisfaction in be-fuddling the more ignorant workers, enticing them into voting against their own interests by harping on the supposed sins of their employers. Fair measures hardly require false means. The tariff-reducers want to buy the products of cheaper labor. *Let them put that issue frankly before the voters!*

Those who have never done have little sympathy for the doer. The doer wants no sympathy, but he does want justice. He wants a chance to employ his faculties and sell his products. He is not willing that the government should eliminate the value of his property after encouraging him by promise of protection, nor is he willing that those who live on the money which he circulates should spend that money in assisting foreign competitors.

The small business man is often quieted by assertion that tariff reduction is only intended to limit the extortion of the trusts; but any measures that hurt the larger corporations may annihilate their weaker competitors. Flood a territory six feet deep and short men must drown. It is very possible that the trusts would profit enough by the killing of competition to offset their losses through lower

prices, especially as they would make their laborers shoulder a good portion of any possible loss.

The professed spokesmen of opinion treat of the protected manufacturer as a most selfish, grasping tyrant, — a kind of fat hog wallowing in the trough of political favoritism. They will not credit him with any real interest in the welfare of his workmen or any true pride in the prosperity of his community. It would serve that same public justly if the manufacturer folded his hands and let events take their undoubted course. Without his struggles, a trial of low tariff would be inevitable. He could, if solvent, tide over the preliminary depression and start up later on the low-wage scale. He would have no more trouble with help, no strikes, no lack of laborers. Plenty would be willing to work for any wages at all in view of the prevailing distress. His own profits, reduced though they might be, would have greater purchase power. He would escape the competition of new enterprises and be a more dominant factor in many ways.

Such an object lesson is necessary every little while to prove to the wage-earner that he is the one who gets the true benefit of tariff. He should have enough intellect to see that high wages can not compete with low wages unless some barrier intervene, or some better system be employed. The tariff-reducer sneers at the necessity of protecting the strong against the weak, but he misplaces adjectives. Are the Japanese weak? Ask Californians what they think of free Chinese competition? We are weak

because we are civilized. We can not live on the wages that suffice those who eat coarser food and wear coarser clothing. We have no racial advantages over foreigners since we are foreigners ourselves. The labor which some think of as superior to workmen in England, Germany or France, is often Negro, Armenian or Russian-Jew. Why should Portuguese, Italians, Greeks, Poles or Swedes, immediately acquire extra capacity when stepping on American soil? They do not! They have value for our purposes since our protective system has built up our prosperity faster than our population. We take in these people and put five times their former wages into many of their pockets because we need them — because our American-born want to work with their wits rather than their backs. We use them because there is profit in it — and they share in that profit.

There are those who think it were better if we were not so prosperous, if we did not tempt this large immigration, if we should restrict it and retain a surplus of jobs to better the conditions for our own people, through existence of an unfilled demand; but our own people want to evolve above the brainless work and the dirty work. We must allow inferior races to come in as long as we have inferior jobs for men to fill.

Not that we should make the mistake of considering all jobs inferior that associate with dirt and grime! There is no labor more repellent to logical judgment than that of the physician who handles

serious diseases. The engineer is often bettered by a bath. Work should be graded according to the human capacity engaged. Our growing youths often prefer to clerk rather than create, but the association of a certain amount of muscle with labor keeps the physique strong and the vitality abundant.

It is poor economy to underpay the laborer. Lower the purchase-power of his wages and we cheapen the man; we lower his own opinion of himself; we starve him in body and stunt him in soul; we put him in a lower grade, a more vicious grade, a class which will seek the begging, cheating and pilfering means of existence, rather than wish to work for much less than the accustomed pay. It is hardly necessary to detail the unhappy results of lower wages for female help.

The progressive intelligence awakened by greater spending power is one of our best national assets, but it is not always promptly stimulated. I have seen whole States where a rapid rise in wages, due to scarcity of labor, made still further scarcity, since the higher pay allowed the workers to work less days per week and have the same spending power. Those who worked magnified their importance and shirked so that there was a marked falling off in product per operative employed. In the competition for help there was continual migration, due to the promises of agents. Debts were ignored in the exodus or paid by the agents, thus encouraging help to run into debt. So many workers lived on the trains

that railroads actually changed their schedules to arrange more frequent stops at labor centres. There was a general lowering in tone noticeable to all.

But the evils of prosperity are as nothing to the evils of privation. The general optimistic spirit in good times creates a better brand of human character and makes the world more livable. It is the richer countries which develop — they sometimes develop too quickly. Wages should increase about as fast as the comparative value of the worker's capacity increases.

The tariff-reducer uses a clever argument in pointing out the small proportion of protected producers as compared with the whole population, asserting that the interests of the majority demand that the rights of the protected should cease. The fallacy in such talk lies in the non-appreciation of the importance of a wealth-producer to the rest of the community. The wealth-producers not only support their own families, but they indirectly support a vast number of service-sellers and their families. Stop the protected industries and we ruin many of the railroads, depopulate manufacturing centres, lessen value of real estate and kill the trade of the local merchants, doctors, lawyers, barbers, ministers, etc., etc. Many forget that our farmers receive protection in many lines. The new wheat fields of Canada are going to make them realize the necessity of protection even more keenly.

The public must also realize that it is the last fraction of patronage that pays the profit. Lessen

trade fifty per cent and it does not lessen profit to the trader fifty per cent — it lessens it into a loss. Were we a new country we could consider choice of policy more easily; but we are built up on the protective system and change will cause serious losses.

If the change brings sufficient profit, the chance of loss is immaterial. Where is the profit to come from? We might buy foreign produce cheaper and we might force our own producers to cheapen their prices; but we have gained nothing in actual value *if we reduce our power to pay prices*. We are not going to make profit out of outsiders unless we swap what we have for what they want, taking what they have in return on a basis that gives us more than we give in return. Why should we assume that we are going to get the best of the bargain? Under the present system we sell them more than we take and grow rich faster than any country on earth. If we gained much more at their expense we should ruin them utterly and destroy their purchase-power entirely. Our country is a world in itself, able to furnish itself with almost every needed necessity. It doesn't profit a shoemaker to buy shoes for his family from a competitor. Some one else said this first, but it is true enough to bear repetition.

We hear glowing accounts of trade advantages that shall be opened up when China awakes; but what shall be the outcome when China uses modern machinery with Japanese ships dumping the products in San Francisco? We shall not only need to retain our present tariff, but raise our rates yet

higher — unless our workmen are willing to wear their shirts outside their trousers and call them coats, like their pig-tailed possible competitors.

Tariff simply prevents those who pay their laborers too little from forcing us to meet them on an even basis. Certain nations have to pay their laborers too little, since they must carry enormous burdens in war debts and in the keeping of great armies of idle soldiers, ready to prevent aggression. We are not forced to copy their military measures, neither are we forced to reduce our standard of living to their necessities.

Tariff is the most ingenious tax ever devised. A country could protect its citizens from cheap competition by insisting that foreigners should not sell below our own prices — but tariff makes the foreigner give up the profit between his and our prices. It is this profit that pays a large share of our heavy government expense.

Some who think they are protectionists claim that a tariff should simply represent the difference in labor cost between competing sections; but a simple equalizing of conditions is not sufficient protection, for it allows the cheaper-producing country to unload surplus at cost price — and all manufacturers know that many times it is profitable thus to get rid of a surplus. It must also be remembered that in any system run by human agency there is always a certain percentage of fraud. The tariff should include an extra assessment to offset a certain inevitable element of undervaluation. .

It is not fair to treat the foreign producer on equal terms with a home manufacturer, for the foreign producer does not contribute the same value to our country. The home producer pays taxes here, employs our citizens and spends most of his profits in our own country. He is a contributor to local subscriptions and supports local institutions. The consuming power of himself and his people is a valuable asset for the community and the country.

Prevent a foreign manufacturer from sending in wares and he often builds a branch establishment within our territory, increasing our national wealth and transferring foreign capital to our shores. I am not personally afraid to advise a tariff that should practically prohibit importation of goods which we could easily produce from our raw material, that should impose reasonable taxes on unnecessary things for purpose of revenue, and that should give preference in rates to goods brought in by American ships. Even were we at present incompetent to originate all the desired styles in goods, we could possibly learn. There would be no world-wide catastrophe resulting if our feminine population did have to wait a few weeks before being able exactly to duplicate the latest selections of frail foreign females. Such a course might possibly reduce revenue — I think it would. Revenue obtained at the expense of American wealth-producers ought to be reduced.

But if the producers themselves are not manly enough to stand for their own interests, they deserve

plucking. Many who vote for high tariff assume an apologetic attitude as if it were dishonorable to profit from a protected industry. They might as logically feel ashamed to be protected by fire insurance, police, or night-watchmen. We live in an age of temporizing, arbitrating and yielding of principle — an age which makes honest and courageous men feel unfitted to their environment. We also live surrounded by some who are ready to sacrifice their own kind for selfish gain, forgetting the need for united ranks when dealing with a formidable adversary.

Were an utter stranger to our institutions to come amongst us to note the detail of our industrial progress, he would learn that under a high tariff we prospered as never before, that our property was at its highest value, that there were never so few unemployed and that wages were never so high. He would hear tariff-revision spoken of in many places, urged by many people and advised in many periodicals. Without noting the detail of the comment, would he not naturally assume that we had found such advantage in exclusion that we proposed to revise the tariff to raise it still higher? Of course he would! No logical mind could draw any other conclusion!

But there are loose minds which are not logical. There are men of splendid lung capacity who are ready to advocate any alleged reform that seems destined to catch the public favor. The quick-firers who write editorials between meals are equally

pliable, and they always have the approval of those who would kill hens to get eggs the sooner.

Those who ask for revision of a high tariff invariably desire lower tariff. They do not expose their logical intent by demanding free trade, but a concession simply paves the way to further reductions until free trade is finally reached. That well worn illustration of cutting off the dog's tail by inches to lessen pain seems fitly pertinent. A barrier can serve even if its top be jagged. Let the trimmers get to work and the height shrinks continuously. Every time one levels a section he requires readjustment in other sections.

Just a word on foreign trade!

There is ever a glamour associating with things far away and dully realized. Before the days of telegraphs, clever traders often made huge profits at the expense of ignorant barbarians. But we have no monopoly of knowledge now, no monopoly of shrewdness. The necessities of poorer races have even sharpened their trading wits to a dangerous edge. We have not proved special fitness for the business. Other countries seem to have peculiar advantages over us in tact, persistence and government assistance.

The future is to be controlled by the specialists. We should develop our best capacities and exercise our abilities in the lines in which we make greatest progress. We have made a home market which is superior to any on earth. It is ours. Let us keep

it and not risk the substance to gain the shadow, like the dog who dropped his meat in the stream while snapping at the reflection.

The tariff is a subject for volumes rather than paragraphs. Many of its advantages have not been mentioned and the same might be said of the advantages accruing with no tariff at all. Many ardent protectionists would rather have absolute free trade than an emasculated tariff; they would no longer suffer from unpleasant forebodings of worse things threatening. We can adapt ourselves to clearly defined conditions, but half-way measures exasperate. It is better to go both feet bare than limp with one shoe.

Having dealt with the more important of the proposed reforms it might be well to consider some less prominent suggestions — which may have equal, or greater, value. It is well to deal with public problems from the standpoint of probabilities, and also from that of possibilities. Strange changes in public sentiment occur within short periods. A simple analysis will disclose the possibilities; no one can foretell the probabilities.

CHAPTER SEVEN

FIT USE OF FINANCES

BEFORE we plan for more, we might prove more worthy of present profits. We may be ethically entitled to what we earn, but there are duties in use as well as justice in acquisition. We certainly need no further accretions if we are wasting present resources. Before further consideration of general reforms, it might be well to note necessities for present individual correction.

Expenditures

We have first use of our earnings.

No one can profit from manufacture, transportation, trade, or service-selling, until consumers patronize them. We can dominate the producers and other value-sellers by concerted discrimination in purchase. Even if we go on in our independent inefficiency, we can still improve on our accustomed exchanges of value, for we not only fatten those who give us little of value in return, but we throw away the values that we purchase. Foreigners from lands that are necessarily frugal watch our waste in

absolute amazement. They consider us extravagant and careless. They attribute our folly to excess of surplus and wonder that we should excite still further desire for expenditure.

The personal expenses of the individual may seem petty and absurd, but they dominate in the aggregate. We note the expenditures for wealth that remains visible and do not realize the vastly greater wealth that disappears in daily consumption. All these great farms, shops, railroads and stores are mainly busy in furnishing products for men and other animals to digest, wear out, burn up and break. The multiplied craving of some tantalized nerve may require expenditure that would double the instructive pleasures of the whole people, double their educational facilities, or greatly increase their home comforts. Some odd accident of choice may start a fashion that spreads the necessity of duplication over continents and over centuries. We can not grasp the greater problems of finance without a due appreciation of these apparently insignificant details.

Wealth should properly seek channels that sustain life and make it pleasurable. Many popular pleasures actually shorten and sadden the existence of which they become a part. The human imagination readily adjusts itself to false suggestions, finding pleasure in all sorts of mean substitutes for original excellence.

There were lands once where food had to be eaten while fresh since they had no means of preservation. Houses were well-aired by reason of their very

imperfections. Manufactured articles were made by those who took a pleasure in pleasing. A knowledge of truth in form and color seemed diffused throughout the whole population.

To-day, in spite of the added years of civilization, increase of knowledge and betterment of means for spreading knowledge, the majority have no realization of pleasure in true art, pure food, or fresh air. Travellers find articles of beauty in countless foreign villages — Pompeii disclosed high art in every corner — yet what will excavators of a distant future find in the twentieth century strata of our ruins? Will they find anything worthy of preservation in their museums, outside the few things which we have saved from the past or copied from such savings? Do travellers from other shores buy souvenirs in our villages?

Our wealth gives us no fit equivalents in many of the simpler necessities. Let the supposed traveller relate what he thinks of our hotel fare in any but the larger cities! Let him say what he truly thinks of the service rendered, of the laundries where clothes are ruined in one wash by machines that tear and acids that fade and destroy, of the common use of harmful chemicals in food and drink of every kind, of the soot from belching chimneys, the stench of all-pervading sewer-gas, the ugly disfigurement by advertisements! He might possibly say that we have nothing worth while but our unimproved scenery and our unappreciated possibilities.

We ourselves once knew a sensible, healthy method of living — the day of the big farm-house and the sweet-smelling orchard — the wide avenues with elm-tree borders in the country towns and the dignified exteriors of the larger cities. We then had an architecture of our own — a Colonial style that still wins admiration. We started well, but culture was over-ridden in the prosperous pushing of the rising plebeians. The money made by clever men was often spent by uncultured wives, who thought it necessary to copy foreign customs in everything but manners. We duplicated but we did not harmonize. Our commercialism often demands display and our utility often includes bad taste. It is fortunate, perhaps, that the majority are not sufficiently refined to suffer from the frequent atrocities of their environment.

Some think such language unpatriotic, but are they not rather lacking in patriotism who make this country unattractive to impartial judgment? Why does not the ability which has produced the best machinery in the world contrive to make attractive products with the machines? We furnish other countries with raw material and go to them to learn how best to utilize it in the finer applications. They are even besting us in many of the fields of invention which we once thought to claim for our own. We must fight hard to keep out of a secondary class — to prevent them from rating us as producers of quantity without quality.

A great portion of expense goes for conventional

and assumed essentials. The force of habit continues customs that have no present relevance. A certain king once put buttons on the sleeves of uniforms to remind his soldiers not to wipe their noses thereon. Hundreds of millions of coats have since borne sleeve buttons, although handkerchiefs have removed the former necessity.

One half of the expense of the average family is for swallowed stuff. Much of it serves no economic purpose — patent medicines, poisons, sloppy drinks and unnutritious fodder. Take out the harmful fraction and add the loss from poor cookery and ignorant waste, and we should eliminate one half, at least, of the entire cost and thus add twenty-five per cent to the average family income.

This statement will bear investigation. It implies a possibility of gain larger than anything suggested by trust regulation, tariff reform, or any other popular movement. It may be urged that it is suggested that we deprive people of their pleasures, but that is not necessarily the case, for even if we allow that pure liquors give pleasurable satisfaction, it should be plain to all that poisons yield no net return of value. An overwhelming proportion of the wines and liquors sold are not made by natural processes but cheapened and adulterated by harmful substitutes. Raw alcohol is blended with all sorts of flavoring and coloring chemicals to fool the palates of the public. Poorly distilled liquors reek with fusel oil, so the choice is often between two evils.

The use of refuse and rot in manufactured foods

is fairly appreciated. In the loss from use of deleterious substance we have not figured the expense of unnecessary cooking with its waste of labor, fuel and wear and tear of utensils. The carbonizing by heat certainly destroys nutrition in a great proportion of food that can be as well eaten raw, and there is a great loss of energy in digesting poorly cooked foods. The fancied necessity for three hot meals per day, with hot drinks attendant, is an economic absurdity. It over-burdens wives and domestics, and tires hundreds of thousands of little children who make long daily journeys with the dinner pail. A breakfast could easily be made up of uncooked or unwarmed materials, likewise the lunch. The hot and heavy meal should come after the day's work is done — a fact admitted by all the more intelligent people of the higher civilizations. Light breakfasts and cold luncheons are common in countries and with classes which our people are eager to ape in non-essentials. Few ever ape the sensible actions. The craving for weak hot drinks three times a day illustrates a slavery to habit, indefensible and unnecessary.

We think of our laborers as well nourished, simply because they consume more meat and other expensive foods than the laborers of other countries; but there is more dyspepsia in this land of lard and luxury than in all others put together. The drug sales prove it. One company claims to sell ten million boxes each year of a certain digestive aid; another sells thirty million capsules a year. There

are hundreds of other pill-rollers and bottle-fillers yet to be heard from. Drug-stores are becoming as common as groceries.

The poorer classes like to think of the wealthy as mired in excess of gluttony, but it is the poorer classes who average the higher in consumption of liquor, tobacco, coffee and pie. They can find plenty of millionaires breakfasting on baked apples and lunching on bread and milk.

It would be better for all if we had more respect for our insulted internals. Were men to insist on pure liquors when they do drink, there would be less riot and disorder and a great saving in court expenses. It is useless to bar small vices in the present weak development of self-control, but they certainly might be better regulated. The world, for instance, could save enormously in wealth and health, by deferring its drinking of intoxicants till after business hours. The only logical use of stimulants is the postponement of fatigue, or the enlivening of spare hours. Those who have spare moments in the day-time could possibly find other amusements to keep them occupied till evening set in.

Scientific experiment with people of various grades and occupations has proved that our men, as a rule, consume about twice as much food as they require. This was shown by feeding selected squads on half rations while they performed their regular work or exercise. They not only retained their weight, but increased in muscular power and mental

energy. There was no attempt to govern the diet except in quantity. Had they selected the food scientifically, the results might have been still more surprising.

All over the world we see health cures for those who can afford the trips and the treatment, where people are boiled outside and washed inside to cure rheumatism and other diseases which result from a surplus of poison in the system brought on by clogging the organs with more than they can assimilate. Excess of wealth tempts to over-indulgence in purchasable produce, the wealth-acquirers gorging their systems at the very period when they lessen the exercise which might otherwise assist in consuming substance.

It is therefore possible that after eliminating fifty per cent of average expenditure by fit selection it might be possible to eliminate another fifty per cent of the remainder by restricting quantity within proper limits. No other country affords such a chance for economy, since other countries economize of necessity. A possible reduction of seventy-five per cent in the greatest item of human expenditure should awaken some intelligent interest, but those who suggest reform in diet are dubbed "cranks" and referred to in a mildly contemptuous way. The world is not only gorged with unassimilated decomposition but stuffed alike with its own conceit.

The possibility of saving enormously in the present system of sustenance does not necessarily imply that the savings should all be used for other purposes.

There is no reason why they should not be used in part to raise the quality of the food purchased. We not only weaken the race by eating too much, but we injure it by eating stale, rotten, unfit substance, since competition forces inferior products into trade. The infant mortality through bad milk is appalling. There is no excuse for buying a lot of poor stuff when the same price would buy a sufficient amount of good stuff.

Clothing is the second largest item in average family costs. It is made unnecessarily expensive by the constantly changing requirements of style. Male tastes are comparatively quiet, compared with former ages, but we still allow too great a tyranny in the tailor. The styles of one year differ from another to force us into buying new clothes that would otherwise be unnecessary. Our softer sex is much more slavish in abnegation, but will some day recognize the greater attractiveness in improvement of self rather than swathings. Some of them are fortunate enough to serve as ideal bearers of drapery, but the waste of high art on the angular is deceptive in intent, unwise and illegitimate. Were we to limit the use of frills to those qualified to adorn, as well as to be adorned, we might surreptitiously influence a development of physique that would react happily on the health of the present and future race. We are gallant enough to overpraise American beauty in the whole for the ideals that merit admiration are wofully uncommon.

Both sexes are limited to garments which seem

ingeniously devised to impede movement and avoid convenience. It is even deemed essential to wear a specified number of particular and peculiar layers of cloth. Courts have fined men for contempt who were decently covered, but lacked some special tailor-built wrapping known as a coat. Hotels have refused entrance to men who wore shirt-waists in hot weather, although glad to welcome similarly attired females. We have heard of a community where men are happy in simple sweater and trousers. The priggish should certainly visit this town and soak in a little common sense during the sojourn.

Rent is the third item of general family expense, in spite of the fact that a large fraction own their own homes. We can not limit rent till we can build cheaper houses or quicken transportation from suburbs where land is cheap. It has been shown how the unions have increased the cost of buildings and the remedy is evident.

Another great item of expense, not always figured into averages of families as they run, is the item of personal service, including not only the domestics, but the barbers, bootblacks, laundry operatives, police, firemen, janitors, watchmen, etc., etc. We are getting so luxurious that we shun personal effort. The dollar-a-day clerk pays five cents for a shine and fifteen for a shave, when he could apply his own effort with no expense but for blacking and soap. By engaging the services of so many others we are becoming dependent and losing the sense of self-sufficiency. Many of our public servants are neces-

sary because we do not behave ourselves. We tax ourselves to pay for our own supervision. When we catch an offender we penalize ourselves with paying for his food and lodging. Why not let the minor offenders run free, but force them to wear prominent badges for a period? If they offended deeply, slicing off the nose would make them sufficiently distinguished to warn the innocent from contact and the guilty from patterning.

The cost of homes and furniture is heavy in the whole. We waste by building cheaply, for the present, buildings that can not stand the ravages of time and fire. Perhaps it is wise, as long as our taste might offend surviving descendants. Prevailing architecture often errs in following the fads of the moment, instead of consulting the calm standards that ever endure. Europe still uses dwellings built hundreds of years ago, — buildings that we pay steamer-fare to find and gawp at. Our fire waste alone is about thirty per cent of new construction. It would profit the doers to do things well.

Sham refinement considers utility contemptuous. Furniture should be designed to last for generations, but it is purposely fragile and unnecessarily uglified by paint-streaks, plush atrocities, and ornamental stuck-on do-nothings. Our ancestors had better taste. They made furniture that collectors cherish. They did not invite dust and dirt by catering to its convenience. The majority of homes would be be cleaner, brighter and better pleasing, to correct taste if plainness prevailed.

It were well if the public could have better protection against the products of poor design which lower the general scale of comparison. When things were made by hand, each producer could exhibit a little personal pride in fashioning to his own taste, but our duplication by machinery seems to multiply inadequacy. The patterns in vogue seem to cater to prevailing taste, instead of forcing standards to a higher level. There is no reason why machine-made articles should not duplicate the best of models. It is a curious test of human culture to compare human products with the forms and tints of nature's masterpieces. We now know that the development of beauty in flowers and birds is due to the discriminating selection of fertilizing insects and mating bipeds. Their taste is far finer than our own. Some of the grosser animals are distinctly enraged at the sight of colors in popular use.

Our domestic progress in manufacture is often hampered by the prejudice of buyers who think foreign goods necessarily superior to those of American manufacture. This stirs deceit, since the American producers are thus led to copy foreign marks. The fact that the goods are not really inferior is proved since the buyers are not aware of the deception practised. Even if the goods were actually inferior during the earlier trial, it would still be patriotic for purchasers to encourage domestic manufacture. It is by such encouragement that domestic products have often outclassed competition. No new industry can develop without support of the buying public.

Let any thoughtful man traverse the avenues of trade in any great city with the idea of noting the goods offered for sale, and he will be astonished, if he carefully computes the proportion of non-essentials. A large proportion of the necessary things are made needlessly expensive by labored, and often unsuccessful, attempts at decoration. This were, perhaps, of little import, could the world afford such extravagance, but the same people who buy these things are complaining of high prices and pretending to economize by buying cheap necessities. The way to have better things is to do without the unnecessary things and services. Money spent without increase of health or happiness is wasted as surely as if it were thrown overboard at sea.

Our prosperous people may be eating twice as much as they should, but if still more prosperous they can hardly increase further. We can wear but a few pounds of clothes at a time, or occupy but one bed at a time. The workers can easily supply themselves generously with essentials. They therefore use the surplus in support of non-workers, such as wives and children of the unproductive type, or partial workers, servants, etc. There is no limit to the number of people that may aid a man to use up his produce.

The ability to buy naturally excites desire for things purchasable, so that it is not strange that the more wealthy should buy much personal service and thereby lessen self-reliance. It is only by the exercise

of faculty and muscle that men are kept alert and intelligent. The nation is growing richer in resources, but weaker in character. Go into any gathering of prominent citizens and note how those of marked individuality are the left-overs from a previous era, or reared on old-fashioned principles! Hear what physicians have to say about the prevailing characteristics of the civilized female! The opportunities of prosperity cater to laziness and coddle weakness. They deaden the true power of enjoyment. They cushion contact instead of hardening resistance. Hair drops out, appendices curl up in disgust, tissue grows flabby and blood gets thin. It is impossible that men should develop with misuse of means — impossible that any such sap-drained class can ever continue existence. It doesn't continue — it does not reproduce itself. It is continually replaced by those rising from the ranks who lapse in turn, illustrating the definite limits of our present faulty civilization, — an unflattering exhibition of surfeited incapacity.

Could we direct expenditure of surplus toward improvements instead of harmful luxuries, we should find that there need be no fear but that the extra wealth can be expended. One may properly surround himself with space, light, scenery, beautiful things and intelligent associates. Expenditures to please the eye and improve the mind are easily warranted. Travel is an expense that repays grandly if the observations be well judged. There is no limit to the possibilities of education.

The developed human being rises to the gratification of its imaginations, but imagination feeds on recollection and needs the stimulus of fit companionship, art, music, beauty and brightness. Wealth can certainly aid in the obtaining of some of these associations; it can also allow time in which to enjoy them.

It were foolish, then, to despise surplus because owners do not always use it profitably. Rather despise those who can not sensibly see the fault in the people rather than in the possibility. It is certainly a sad sight to see some great acquirer of capital devoting enormous sums to be expended in charity by other people, instead of dominating some purpose as carefully conceived as were the plans by which the fortune was attained.

The higher types of mind aspire to acts, things and forms, that are generous, yet simple. We may not yet be wealthy enough to adopt the generous scale, but we can certainly adopt simplicity. We should stop the running after so many fads and insist that the fewer pleasures should be more substantial. A little more exercise, sunlight, fresh air and pure water would possibly quicken and cleanse us into a better appreciation of worth.

The ambition of the American-born often leads them into a silly attempt at imitation of those confessedly better off. Each aspirant wants the semblance of some envied luxury, in the vain attempt to appear wealthier than the facts warrant. As each class imitates the one just above, the majority are

imitating imitations. The time of absorption from grade to grade sometimes leaves slower copyists aping styles or customs which have long been discarded by the innovators. Poor imitations often encourage false conceptions. It is all very well to duplicate superiority because it *is* superior, but this weak amenability to suggestion uses no logic to apply the test of quality. There is also a false pride that strains after superfluities, that many better off do without, for fear that some spying neighbor might think that economy were forced.

It ought to be thought most worthy to economize in follies. People of sense admire prudence and applaud good judgment. The majority care little, however, for the praise of superiors; they would rather arouse envy in their equals.

A general cultivation of individualism would be a strong factor in economic reform. Originality would scorn to imitate for the mere sake of imitation. It would cause a very slaughter in the trade of duplicate products, other than necessities. It would destroy the vogue of dominant fashion and allow some freedom of choice. It is said that the Chinese burn up some $400,000,000 each year in incense and other offerings to the dead. We cut up mountains of rock to mark the plantings of *our* ancestors for an uncaring future, but are even more extravagant in reverence to traditions of daily expenditure which should have been decently buried æons ago.

Investments

Investments are permanent uses of surplus.

Surplus accumulates by an excess of earnings. The excess may be due to a disproportion of creative power to appetite or to a logical restriction of present desire. In primitive times, if a man accumulated an excess of dried fish, he would have time in which to fashion an axe from a well ground flint and a thong-bound handle. The axe represented property, since it had value in the construction of dwellings and it could bring in revenue, since others would gladly pay in fish for the privilege of its use.

If the axe lessened the former labor necessary in building houses, it was doing work and therefore earning pay. Its value differed according to the brains guiding its application, but so does the value of any human agent. By saving surplus, we can multiply human efficiency, providing there is idle labor, or labor relatively inefficient. Were all the workers of the world fully employed to the best of their ability, surplus could pile up in volume, but it could not then increase further production.

Since we shall never reach the millenium, it is evident that surplus will continue effective as a means of increasing income. Investments in property will not only bring in revenue, on the average, but they will also average to increase in value since population is increasing while the world grows no larger. The increase in intelligence also assists by

the enlarging of desire, and value, as we have noted, is created by desire.

If a man earns two dollars by one day's work and spends only one, he can idle a day, having saved enough to give him a day's spending power. If he invests the dollar to net five per cent income, he will have two days' spending power at the end of twenty years (not compounding the interest), four days in forty years, etc. All this can happen without effort on his part, solely because of the relatively low proportion existing of those who can restrain their expenditure below their earning capacity. If every one saved appreciably we should have little income from investments.

Savings were naturally less in earlier times, when produce was scanty and protective law not well enforced. Interest rates were naturally high, and those who owned property were forced to be suspicious, fearsome and niggardly. The general type of wealth-owner was naturally disliked, evoking such criticism as is evidenced by the strong disapproval of earlier teachers of philosophy, who counselled to take no heed for the morrow and condemned accumulation repeatedly and insistently. We have since discovered that it is only through saving that capital can be acquired to experiment with new methods and create new utilities. Large bodies of laborers can not be employed on large works without a saved store from which to pay their wages. Labor is only effective, for great purposes, under guidance. Mastery of power can force results from

labor, but modern civilization requires capital to recompense effort. Savings have outlawed despotism and made civilization possible.

Since savings simply represent so much hire of labor, it is evident that they are inutile until a use for this extra hire is discovered. New desires must be imagined and spread, to encourage the application of extra effort. It is to those who awaken such desires that we owe all our material advance, except the fit proportion of credit due those who use the savings to supply the demand. These who use their own savings for such a purpose are necessarily limited in scope, but those who borrow the savings of others are only limited by the total of savings that can be borrowed.

Those who do not use their own savings must lend them in order to derive income from them. It is only through lending that capital can be easily used in large units, with the attendant economies which allow the payment of interest for use. Borrowing would not be possible did the borrowers not, as a rule, make a profit and give a profit.

Money invested in stocks is lent, as well as when invested in bonds or mortgages, or deposited with the banks or insurance companies. The variety in method simply allows different degrees of risk in the constant attempt to derive income without impairment of principal.

In the olden days the instability of governments and the wide prevalence of robbery and confiscation limited the range of investment. People often

preferred to hide away their wealth and deny themselves the possibility of income rather than take the risks of exposing their property or relinquishing their grasp thereon. Progress was stifled, encouraging the very poverty which bred thievery. Law and order are of great commercial value. Changes in laws and methods often frighten financial powers, curtailing the flow of investment funds and preventing the employment of extra labor. Purchase-power is thus limited, the trade of producers and distributors injured, profits disappear, bankruptcies are incited, banks gutted, population impoverished and evil made dominant.

We know such things are possible, for panics are periodical. They usually start with some foolish or drastic change in public policy that opens up a vast area of possibilities. Our quick changes of political domination bring equally quick changes in method. It might be well to have every vital change applied by degrees or with several months of warning.

Banked funds should logically be used to create new values, but they are often prevented from accomplishing this end by the laws which intend to protect the depositor. Savings banks and life insurance companies are so limited in legal lines of investment that they can not purchase securities in new companies and therefore have to lend on notes, or property, in a way that actually enables many to secure the means of waste. There ought to be some method of protecting preferred-stock issues, that would make them acceptable for cautious fund-

controllers, allowing the money saved to go directly into beneficial use.

The individuals who inspire confidence from investors are a most important element when they use entrusted funds for the benefit of the community; in fact, it is possible that they are of first importance. It takes abundant courage to risk one's own reputation and others' funds in the attempt to obtain a profit for all. Some object when such a one makes a profit for himself, but why should he not? — The profit in any legitimate venture should be in absolute proportion to the risk run.

A borrower must have either collateral or credit. He can borrow only a certain per cent of the value of his collateral, so such loans are definitely limited by the collateral in possession. Fortunately, there is no limit to loans on reputation, and the wise borrower builds up his character for its commercial utility, if for nothing more.

Business is founded on credit.

Those who assume that all are dishonest may be nearly correct, if they mean that all have had dishonest moments, but a vast majority are honest most of the time, so that the percentage of active dishonesty is really small. Those who stay in business have to be reasonably honest, or none will do business with them save those equally discredited or abnormally ignorant.

Prosperity feeds on confidence. Every swindler, every bankrupt, not only injures the immediate victims of his deceit, or folly, but he destroys a

certain amount of public trust. Those possibly well-meaning exposers of dishonor in popular periodicals are more or less culpable, likewise, unless they are balanced by an honest proportion of evidence in favor of honor existing alongside.

The effective borrower must be not only honest — he must be able, adventurous and imaginative. Those who accumulate great funds should take a personal interest in educating their own, or others' progeny fitly to handle funds of volume. Those born to inherit large properties are usually taught to do nothing. It is not necessarily their own fault. The fathers should think it well to make men, as well as to make money.

The sillier sections see no difference between expenditure for waste and expenditure for investment — or they even think the former preferable, as far as the public is concerned. When the wealthy give in charity, they praise the act, although the world might profit much the more were the money kept in individual possession and invested to increase property. Waste may stimulate production or trade while it is active, but there is no continuity. An extravagant king once spent hundreds of millions on needless palaces, encircled with squirting fountains and roads covered with salt to simulate snow. Labor found employment and money circulated rapidly — but a revolution was ripening.

We give kings less rope to-day, but our money-kings could duplicate their past folly if they liked. The men who earn money will rarely fritter it away,

although their heirs often attempt the imitation of certain noble spendthrifts. Our capitalists, as a whole, have done fairly well when sticking to lines in which they have full knowledge. When they try to give away their wealth, they often show an amazing lack of foresight and a woful penury of ideas. The public will some day appreciate the man who builds a new railroad — for his own profit — better than the one who gives it monumental buildings to perpetuate his vanity.

In spite of our system of credit, our funds available for borrowers are more or less limited by the volume of currency in circulation. Banks must retain a certain percentage of actual cash against their loans. In times of prosperity, when there is more use for borrowed money, the people are retaining more in pocket and home hoards, there is more cash in the tills and the office-safes. The banks, as restricted, charge higher rates of interest. The lack of money causes some one scheme to fail — the crash pulls others down — some one bank fails — the people, panic stricken, withdraw their deposits from other banks and soon financial students are trying to discover what precipitated the catastrophe. We are so unscientific as to base the volume of our currency on values that do not accrue in any fixed or comparative ratio. We coin all the gold brought to the mints, but there is a constant and unknown depletion from use of coins as raw material for jewelers and other manufacturers. We put silver dollars and silver certificates in circulation, agreeing to redeem them

in gold on request, although we do not extend this favor to fractional currency. We call our silver dollars worth par in treasury reckoning, although we know that they are not, since we have adopted a single gold standard. We retain an immense issue of greenbacks with but a moderate gold reserve to give them value in public estimation. We allow banks to issue bills with government bonds as security and thus stand in the peculiar position of tempting panic if we praiseworthily pay our debt. The gold that we coin does not always stay in the country, so that we never know just how much currency we may depend on. Surplus of government revenue withdraws coin from circulation, as it piles up in the treasury with no quick chance for use except through questioned deposits of government funds in national banks. We sapiently look to the banking interests to suggest currency reforms to our Congressmen, although banks profit by the high rates of interest due to the very imperfections which they are asked to remove. As well consult brewers as to the means by which to moderate the consumption of beer!

We tried state banks, but have learned that states can repudiate their obligations. We have tried money based on metal value and have found that comparative values of ore products are not constant. We have heard the Greenback party argue that the nation was foolish to issue bonds and pay interest on them, when it might as well issue bills that promised to pay — which is all the bonds can

do. The penalty of interest charges, however, impresses the nation with the necessity for raising revenue sufficient to prevent the necessity for so costly a means, while the issues of greenbacks which could replace revenue — for a while — continually enlarge the postponed obligation.

As a preliminary measure, we could recoin all the silver dollars into fractional currency, or legislate such dollars into the same unredeemable position as fractional currency. We should continue to coin gold as presented, since the outside world accepts the gold standard and since we produce gold we profit comparatively by this artificial assumption of value. We might allow an increase of national bank notes, by allowing such banks use of other collateral than government bonds; but the banks would have no incentive to increase currency and thus lower rates of interest, beyond a certain figure. What we need is an issue of government money based on absolute value and on values that increase in quantity as trade increases.

Theoretically, the issues should be based on newly created values since such values bear a definite relation to expansion of business. If the issues could actually stimulate creation of new values, there could be a double benefit — a force that would increase in power through its constant increment of human assistance and encouragement.

Why not, then, let the government issue paper money in purchase of new property or in loans on new property? Remember that the government

cannot place money in circulation except by purchase or loan. Why should not laws be passed allowing the government to thus invest in special bonds of solvent corporations for the providing of funds for enlargement of resources, limiting the application, for convenience, to corporations of sufficient size?

This would be a form of government ownership associated with no interfering responsibilities and subject to none of the evils of government management. We are supposed to be suffering because we lack sufficient railroads. Here is a method by which all solvent roads could get plenty of assistance — unless it were found wise to limit the assistance to such roads as showed respect for present law.

Were it ever necessary to replenish the gold reserves, the government could sell sufficient of the bonds — for gold — to gain the necessary sums. Any receipts from bonds sold, or retired, should be balanced by an immediate cancellation of an equal amount of paper currency. Were four per cent bonds bought, the revenue would replace the original issue of currency every twenty-five years and the government would be actually deriving income from its currency, rather than losing income through issuing its own bonds. This gain would far more than balance any possible loss through shrinkage in value of the property bonded.

The increase of funds in circulation would lower the rates of interest, encourage investments, employ idle labor and enforce a prosperity which might almost demoralize through its very grandeur. Is

it possible that we should have to refuse success because of our incapacity of assimilation?

The possibilities of such a plan stagger the imagination in the same way that imagination could be bewildered through correct anticipation of the great results from any true reform. Think of the incredible profits from the adaptation of the use of steam in one century! — currency based on newly created value could equal and surpass it! We have spent years of political life in continuous discussion of the advisability of changing tariff-schedules which protect home industry, while neglecting the evils of a financial system which throttle advance whenever industry expands to the limits allowed by restricted currency. We have in use a most ingenious device which automatically quenches prosperity when passing a certain fixed point.

No reform is easy while great interests profit from the existing errors. We may have to convince the interests that they might profit better out of a higher general prosperity, even with lower rates of interest. Less interest on more funds might mathematically overbalance high interest on few funds.

The voters of the country almost recognized the need for currency reform a few years ago, but they chose a substitute which merely expanded the present system within similar lines. It is even possible that free silver might have worked better than the faulty present anomaly, which was only saved from flat failure through the providential discovery of new gold deposits. No system is logical

which confines itself to piling up unused material in treasury vaults. It were surely more sensible to base currency on value created by labor which remains active to serve continually profitable purpose.

I am perfectly willing to accept the authorship for this plan until anticipation be proved and I am perfectly willing to continue advocacy of the plan should another prove ownership. I will assume sufficient spirit of prophecy to declare that posterity will some day find such a plan feasible and profitable and properly characterize those who can not now comprehend its advantages nor trust themselves to bear the burdens of the greater prosperity that would be possible.

It may not be remembered that we were practically free from debt in 1835 — and a blighting panic followed shortly after. We had great increase in prosperity following the large borrowing attending the various war loans. In recent times we have seen call-money go to one hundred per cent and more through the inelasticity of our present system. It is all very well to sneer and say that speculators are the only sufferers from high interest, but no one can compute the curtailment of legitimate growth when funds are so scarce that speculators take all available funds. The author has had bitter personal experience with legitimate industries that lacked money in such times of stringency, and others innumerable could tell similar tales.

When interest on borrowed money gets higher than the income of investments, it is difficult to get

subscribers to new investments. The lessened demand for investment stocks under such conditions lowers their prices, reducing the value of the collateral in the banks. Loans are called, credit is shaken and general confidence injured. We halt progress by the very results of its advance, under our primitive use of a restricted trade medium. We might as well limit the stock of plows and axes, for money also is a tool.

The use of funds in investment affects the individual investor and also other individuals, but not necessarily in like manner. It matters little to the individual whether he buys a share in an established enterprise that pays five per cent, or puts the money into a new enterprise that will net the same return; but it may matter much to the community. By purchase of a present holding, money is passed to another who may use it to create a new value, or who may live on it or spend it foolishly. No one is sure that his savings, or borrowings, are of advantage to the world as a whole, *unless he personally assures himself that they actually assist in the creation of a betterment.* The world does not necessarily advance because men are clever in choice of values already created.

Some imagine that the creation of a new industry is of no advantage to the world, as the competition lessens the value of some similar industry already established. They fail to see that the labor employed in starting and running the industry enlarges the consuming power of the world and demands an

increase of products from others who can thus easily absorb the products of the one new industry cited. Such an absorption is possible always so long as there is idle labor to be employed or non-productive labor that will become productive.

In times of panic and unrest, when investors hesitate and when idlers are plenty, the country does not merely stop — it goes rapidly backward. The lessening of purchase-power lessens demand for goods, curtailing production to throw more labor out, and thus the sad drop continues. Individuals are helpless at such times; it becomes the duty of the state to prevent demoralization. There should be a larger use of borrowed funds by the states at such periods, for the purpose of employing labor on real public utilities. It would not be necessary to invent jobs; there are plenty of possible uses. Our rivers are polluted by raw sewage and our highways are a thousand years behind our civilization. We could employ vast armies on the improvement of roads and other public channels of transportation for the next hundred years with profit and satisfaction.

The world grows rich by liberal expenditure for the things and means that continue desirability, the things that are designed to resist wear, fire and decay — the things of good design, honest construction and fit purpose — the means that economize effort, encourage ability and incite improvement. Such adaptation always follows where intelligence is developed — and aids in its development.

Intelligence is our best asset. The canals, roads, and tunnels that we make will serve future centuries, and the knowledge that we gain will also survive, recorded for the coming race, and teach it mainly through the associating record of our errors.

CHAPTER EIGHT

REDUCTION OF COSTS

WHILE savings are made out of surplus and proportioned somewhat by restriction of desire, it is also plain that the surplus can be small or large according to the degree of wisdom applied in its creation. The primitive man who stored a surplus of fish could gain that surplus quicker did he exercise a higher degree of judgment and skill while fishing and thus have time in which to gain other advantages. We can increase the amount of wealth per worker by reducing the cost of wealth production.

Wealth is produced by those actually fashioning product by manual toil and also by those who increase the value of manual toil by the mental assistance that designs tools, directs effort wisely, creates desire for products and finances the project from conception to fulfilment. Reduction in costs is possible if tools are made more helpful, if directing activity be made less necessary, if demand is increased to allow production in larger bulk, if funds are easily obtainable, if we apply unused effort and economize in the effort which we do apply. The same prin-

ciples apply in the transportation and distribution of wealth.

Improving Tools

Tools are made more effective by increase of skill in the user but also by ingenuity of the designer. The greatest factor in lessening cost of production is found in the application of invention to the creation of labor-saving devices. There are many lines of manufacture in which one man, when assisted by power driven steel, does the work of a thousand former operatives. We may not appreciate these enormous advantages since we have become familiar with them, but to the plainer citizens of to-day are given luxuries through cheap machine product that were impossible for the affluent of recent centuries.

There are still men so dense that they think of labor-saving machinery as evil in effect on the laborers themselves by throwing them out of work. They would be right, did those so replaced find no other employment — but they always do find it, for we are an active people who create the means with which to conquer necessity. Labor would hardly care to go back to the days when the earth was ploughed with crooked sticks by men clad in raw skins. Take the simple product, cotton cloth — which is hardly monopolized by the wealthy — and it is easily computed that the quantity now consumed would require the united labor of the whole female population if using the machinery common before

the war of the Revolution. The labor released applies itself to the making of other products. We thus have more products. It is said that Northern China becomes one vast weaving mill in the winter, each house having its hand-loom.

The world should encourage the development of new inventions and we do stimulate inventors by the protection of our excellent patent system. We should have much saving of brain-power and greater issue of valuable ideas could we train the inventive faculty as we train engineering talent; yet, in a country full of educational establishments, there is not one of them which definitely undertakes to develop originality of thought and lead mental effort into creative lines. Genius is not the freak of chance that many imagine. It comes quicker in some than others, but we all have the capacity to regroup ideas.

The writer has passed the hundred-patent mark himself and has had many years of continuous association with inventors as a class. He knows how rarely genius meets with encouragement in our present commercialism and how much we lack the proper combination of inventive ability and practical judgment. Some philanthropist, who has made a fortune out of inventions, should certainly endow some sort of college where genius could be nurtured, where old knowledge should be used only to illustrate what should be bettered and where students should be taught to forget the blundering past rather than clog the mind with useless records.

Directing Effort

The wise directing of effort demands men with judgment who not only know how men should use muscles and tools, but also how to make them comply with proper demands. Those associated with large industries know how scarce efficient directing ability has become. The proper men can command what salaries they like, if they can prove themselves. The growing antagonism of workmen to employers is making the task of the superintendent more and more arduous. He must be tactful, patient, manly, even-tempered; in fact, he must be gifted with all the rarer virtues. We shall have to develop the proper type through some process of special training.

We should need fewer of this class, did we have a better loyalty in the help and a better general intelligence. Directing powers are usually necessary to see that workmen do what they ought to accomplish without direction. The workmen who designedly make it difficult for results to be accomplished are cheating the world out of a possible gain.

There is, of course, a fine chance to save in clerks and general non-producing employees when many small industries are concentrated into one. The trend of the times is plainly economic as far as the trust principle extends. Competition wastes enormous effort in the duplication of non-productive units and in the repetition of all the means for inducing custom. It might be accepted as a general

maxim that any one employed in industry who does not do some definite act that produces or delivers a product, or assists in such production or delivery, is but a make-shift, made necessary by faulty conditions, which may be never wholly overcome but which certainly will be lessened.

We know that a certain fraction of men produce actual wealth and that the rest share in that wealth by convincing the wealth-producers that their services are worthy of payment. It is plain that economy will increase directly as we do away with services which are not really necessary. Many serve false or harmful desires, but the majority merely continue conventional customs which exist because we have the habit of feeding them.

The folly of unnecessary cost is far more serious in economic result than the error of dishonesty. A robbery is a mere shifting of ownership with no destruction of property. A false use of wealth actually destroys value, lessening the property of the community as a whole. Our code of ethics is so dominated by tradition and superstition, that it neglects effects to magnify intents. We decry the swindler who runs off with the contributions of his victims, but have only sympathy for the well-meaning blunderer who loses the wealth of his friends in some ill-considered venture in which no one profits. We are beginning faintly to realize that the one who reduces productive costs increases the wealth of the community, but we do not yet recognize the necessary corollary that those who unnecessarily increase

costs of production rob the community. Not only does the man who wastes good material injure us all, but so does he who will not use the possible improvements, the labor-saving processes. He hurts the world, for he postpones its possibilities, halts its rate of progress, robs it of its due.

Increasing Demand

We have noted that labor-saving tools would really injure the world by making more idlers were there not an increase in desire that absorbs the toil of the freed labor. The encouragement of desire is even more important than the improvement of processes, since the latter feeds on the former. We see so much unfit desire stimulated in the general mass that it would seem wise to limit the application of stimulation, but life is a seething mass of conflicting elements and many think it fairly safe to let evolution take care of its destiny by hastening the self-destruction of the unfit.

Increasing the amount of product always leads to cheapening of cost, so that increase of desire assists in the ease by which desires may be granted. Products are increased through increase in the proportion of funds invested in imperishable things, especially through the investment in product-producing devices. It is plain to all that increase of products means more employment of productive labor and better chance for the average individual

to increase the value of his spending-power, whatever it may be.

The definite attempts to excite desire are found in our systems of personal solicitation, advertising and exposure of goods where they meet the eye. Since we should wish to encourage only fit desire, it would be perfectly logical legally to prevent any enticement catering to an unfit need. The enforced truth in labels is a step in the right direction and portends much that encourages.

Here again the inventor becomes significant. Many a new desire has been kindled by the novelty that appeals to curiosity or the possibility of meeting a long-wished-for requirement. We have seen how universally people have taken up such novelties as the bicycle, talking-machine, type-writer, telephone, etc. The peculiar ingenuity of the mechanism has had no little part in stimulating adoption.

We are so generally imitative that it becomes of great importance just what desires are active in those who are aped. The leaders made prominent by an alert press could effect great economic changes by making simplicity fashionable.

Education assists, of course. Modern school-houses, with their good ventilation and high-grade plumbing, teach the children what they ought to expect and aspire to. The novels read by the majority tell of people who live much better than the average and thus excite desire to be like them. As usual, the desire often ends in a cheap pretence, but without the desire we should risk a decline.

Increase of Funds

As to reducing costs through the plenteous application of funds to the development of new industries and the increase of facilities for delivering products, it is not only necessary that funds be sufficient, but also that confidence be unshaken. We have seen a period when the country was stifled for need of more railways, and when everything that could be done, should be done, to lead capital toward railway investment, seized upon as the fit time to stir up feeling against railroad owners and managers — the time to slaughter their stocks and make investors shrink from considering railway shares. The public would buy neither bonds nor stocks.

The writer would not for one instant desire to withhold investigation of evil, or punishment of crime, but he would counsel a limitation of attack to those strictly guilty; and when there are so many evils waiting correction it were just as reasonable to select one less bound up with public service. It is hardly ethical to turn a Gatling gun loose on a crowd in order to bag one offender. Neither is it logical to condemn too hastily and treat too harshly evasions of laws which have remained unenforced for long periods. The public are annoyed because of poor railway service and too frequent accidents — such errors are not corrected by hampering the railroads in securing the funds with which to improve their service and their facilities.

I have already shown how money could be made

more plentiful. We could erase the timidity which locks up capital by lessening the food of fear — by curbing hysteria, encouraging the philosophic view and having more faith in the possibilities of our race. The very presence of hope and courage is of sufficient value to counterbalance a grave amount of material loss.

Applying Unused Effort

The means considered apply to present conditions. We need not necessarily confine our speculations to present routine — it is, at least, instructive, to consider the possibilities in drastic changes of system. Not that any such changes are quickly probable — but the world slowly drifts toward change of some nature and it were well that the drift be guided toward a profitable change.

Reform necessarily brings changes.

Changes necessarily bring distress to some. Progress is often most cruel when truly reformatory. Life is largely a matter of adaptation to environment, and a change in habits or surroundings must disrupt and destroy. We can not advance rapidly until we have adapted ourselves to the very habit of change itself.

Active intellects desire change. It is only through new uses that the faculties receive education. It is only through experiment that betterment is possible. It is not natural that the service-sellers should

rejoice at a lessening of their ranks — especially those who are lost in the shuffle. Some may be saved since they have value outside of economic standards. We shall wish to preserve a certain element who play and give pleasure. We are fully warranted in considering means by which to reduce the share of those who do not give a proper — if any — equivalent.

We must certainly take note of those who give no equivalent at all. We have already noted those who dawdle while their land multiplies in value, rabbit-like. There are also the very old and the very young; the idle rich and the idle poor; the sick, the lazy and the incompetent. The world needs the labor of each in the extent that it may be made serviceable without harm to the laborer.

There are labors to-day in which a man is laid off when he arrives at the age of thirty-five. When the unions set a high minimum wage it is only the alert who can give the high grade of effort demanded. In many old-fashioned establishments there are men of seventy who are kept along at pay proportionate to their results and who are glad and proud that they have not become a burden to their families or inmates of the pauper institutions. The union policy is making such employment impossible, where the unions rule.

There is a strong sentiment against child-labor in any form, yet coincident with the movement is a growing tendency toward teaching scholars useful work. It is wrong to encourage a view of labor

that treats of it as a punishment accompanied by all sorts of foul associations. The average factory gives a cleaner, healthier, more moral environment, than its average workers are accustomed to outside its walls. No one wants to see children stunted or abused, but they can certainly be made useful for a few hours of a day without deleterious results. A half-day shift would possibly solve the problem where parents really need some income from their children. It is shown that growing children eat almost as much as their parents, and food is the greatest item of family expense with the poor. It is a serious problem for a young couple to raise a numerous family beyond school age without the slightest pecuniary assistance. The thoughtless trust to luck and keep on having children; the thoughtful limit the size of their families. The population is thus recruited more and more from its least worthy elements.

The children of a laboring man used to be quite an asset and at a certain age they furnished material income. To-day, with our laws and our customs, a large family is a serious burden to a humble earner. There is no question that under modern civilization the worker's wife is less able than formerly to do house-work and raise children. The doctors' bills are an item of increasing importance as the strains of a more complicated existence use up the reserves of the help-mates' strength.

It is easy to turn this discussion into a most disagreeable channel. Nature, insulted, is most

revengeful. The native American stock is becoming extinct — not the Indians, but that Anglo-Saxon coast-stock which spread over the West, after filling the East. To-day it is asserted that there are less people of American birth in Massachusetts than there were in 1850. The Puritan strain is dying out. Early in the nineteenth century, families of ten children were common; to-day a family of five is unusual. We must set a greater proportion of men at work producing essentials, so that there will be enough of the essentials to provide for larger families. If we do not hold our own — or more than hold our own — we are going to see our country owned and swarmed over by races with unpronounceable names, several centuries behind us in civilization.

The idle-rich excite a deal of comment, but their numbers are so small as to make them an almost negligible factor. As a matter of fact, they are by no means idle, in truth, but rather engaged in selected non-productive pursuits. In living to spend, they often develop a judgment of values which helps us set proper standards. They enlarge their view by travel and imbibe correct taste in arts and refinements. They set the standards for others who have less time in which to get the necessary education.

Our American men of generous means are mostly absorbed in the pursuit of further funds. No one can properly accuse them of idleness. If we look over the whole area of population we find that the

greatest fraction of useless individuals includes the unmarried women too old for schooling and yet superior, in their own sight, to useful employment. A great proportion of the female sex — both married and unmarried — live in the mistaken notion that the men of the earth owe it support in return for — nothing! The function of womanhood is primarily to mother the race. Those who disdain or avoid this duty might find use as chamber-maids, or in other necessary employment, but they have no excuse to live without serving or producing. This decision might seem hardly in line with sentimental ideals of chivalry, but such ideals originally and properly applied to those who were mothers, or thought of as possible wives.

The idle poor are often willing, but not wanted. If private individuals will not employ them, it becomes the duty of the State to see that they are made productive. The numbers of the sick and the lazy can be lessened by more efficient supervision and the useless can be limited by proper means of deprivation.

Economizing Effort

Those who have studied the question know perfectly well that we have not yet touched the keynote of the situation. Our wealth is not limited by reason of the idle effort that might be applied, as much as by reason of the present effort that is wrongly applied. It is the wasted effort that is

eating up the profit of the new ideas. Active waste is worse than idle inutility.

If we treat each great division of labor in turn, we find that the trust movement has already lessened waste and is destined to spread and continue its economies. The trusts are even going to go beyond the end of monopolizing a field of production and therefore eliminating the expenses of competition. They are going gradually to enlarge their fields to supply themselves with all that enters into their product. They are going to own their own lumber-lands, their own ore-fields, their own copper mines, make their own bolts and nails, paint, etc., etc.

There is just one possibility of trust development that has not yet been fully tried, which is, the corporate ownership of a varied industry municipality. We have had whole cities given up to the making of parlor-cars and other special products, but we have hardly had a city of varied industries supplying itself with all its manufactured necessities, all under one corporate ownership, with the bulk of the citizens as stock-holders. Such a plan would eliminate a tremendous amount of transportation expense and practically all the selling expense of the manufactories, if the people were loyal to their own industries. To-day, there is an interchange of similar commodities between points hundreds of miles apart, with terrific loss in transportation.

Should a corporation acquire a vast tract of vacant land and build up a city thereon, keeping ownership

of the area, it would profit by the rise in value of land brought on by its own act — which is manifestly fair and equitable. By absolutely dominating the purposes for which its land was rented, it could not only prevent all harmful occupations, but also control waste by preventing the sale of poor products within the territory. It would naturally, as far as possible, confine sales to products made within the territory, thus ensuring employment of its own population.

Were such a corporation to increase capital, as required by expansion, allowing its own people first chance to acquire stock, there could be no talk of unjust monopoly or unfair restriction. Those who did not like the plan could move out — they would have no property ownership of home to keep them. It would be wise to have the control of the stock centre in men of more than average wisdom, in order to escape the folly of the impractical experiments which usually wreck community schemes. It might be urged that such a plan would destroy individuality. Not at all! It would only destroy the right of the individual to practise much folly and inutility.

Since such a group must purchase much from outside, it would necessarily have to include some form of industry which could market a product outside. The possible loss from including many small industries, catering only to the population, could be easily balanced by the gains from removal of competition.

The author has known some minor attempts in similar lines which failed in effecting certain desirable ends because the entire locality was not controlled. Owners of intervening plots of land would not accept generous offers, but reared ugly buildings, sold inferior goods, served as leaders of opposition, encouraging discontent and bad feeling.

I have seen on the other hand, a single-industry community of seven thousand people in South Carolina, which lives associated with all proper modern conveniences, yet gets along without a single lawyer, editor, court, jail or saloon. Objectionable citizens are turned out of their rented houses and thus forced to go elsewhere. There are hundreds of similar towns with lesser population, but this special one is significant for size as well as success. There is no reason why the same plan would not work on a yet larger scale with more diversity of manufacture.

There is strong feeling in many centres against the "Company Store;" in fact, certain states prevent them by legislation. Were the corporation owned largely by its own workmen, there should be no chance for criticism, and the economy in having one centre for distribution is enormous and will be the subject of further discussion. It is, of course, a hardship to be forced to patronize a store that charges above the ordinary rates; but, as a matter of fact, the opponents often base their real opposition on the desire to buy cheap and inferior goods, or they wish for opportunity to contract debt.

It is even possible that such a plan might be used to develop a higher type of human being, by limiting citizenship to those of good health and decent habits. The authority in power could prevent the existence of any unhealthful pursuits within the territory, provide perfect sanitation, prevent crowding of buildings and realize ends that we all aim at, but hardly hope to reach, now handicapped by the necessity of uniform conviction. The suggestion may sound somewhat chimerical, but so do all suggestions that propose material improvement. We have tried other plans — why not incorporate betterment?

Reforming Transportation

As to the problems of transportation, there are certainly chances for improvement through increase of facilities, but there is not much hope for future economy in management, since many think that economy, in view of the alarming increase in accidents, has gone too far as it is. The adoption of electric hauling may make surprising changes. There is some talk of government ownership, but no sensible man supposes for an instant that such a change would lessen expense. Think of the common waste and theft in building state capitols duplicated in innumerable stations, trackage and bridges! Think of the indolence and inefficiency of officials governmentally appointed! If we are too corrupt, as a people, to furnish honest management for private

corporations under present conditions, we are certainly unfit to apply governmental methods which commonly allow dishonesty to flourish more freely.

It might be pertinent to note the popular outcry against over-capitalization so called, which is one of the prime reasons urged for governmental control. Certain states have gone so far as to require that each new mile, or line, of railroad shall, if capitalized, be taken at its actual cost. It were as sensible to insist that a grocery store should sell at wholesale prices. Men build railroads for profit, as they build anything else, and they are entitled to just the profit that the public recognizes as being present in the total value created. Securities cannot be placed without liberal allowance for underwriting and associating expense. The public does not have to pay any figure set by the owner, it can set its own figure and decline to pay until that figure be reached. The profits of railway promoters have not been tempting enough to give us the railroads that we now need. By preventing the promotion of new roads, we play directly into the hands of those who control existing roads.

The state of Massachusetts has a railroad commission which carefully supervises any act of railway corporations that affects the roads within its limits. It may be hampered by limiting law, but it cannot be said that its presence has stimulated the building of any new roads or any appreciable amount of new trackage. The people of the South have recently been angry and exasperated at the shortcomings

of its railways, but when a great road, whose stocks, both common and preferred, sold materially under par, started to double track its main line, there was legislation passed which reduced its profits and affected its credit before the possible buyers of its securities. The improvements were held up, and the bad service continued.

Many fail to realize that railroads are common carriers. They have to accept any business tendered, even when they know that they cannot handle it properly. They are not obliged by law to increase their facilities, and they are not urged to improve facilities by legislation which reduces earnings faster than they are made.

Since the public will not always treat the companies fairly, they are obligingly fooled. New roads are often built by construction companies in which the promoters are interested, the contracts ensuring a handsome profit. The road may then be capitalized on its inflated cost and appear uncommonly virtuous in the eyes of the investor.

Great sections of country have waited undeveloped until the enterprise of some far-seeing capitalists has opened them up with railway trackage. Why should not such enterprise be rewarded by a profit similar to that allowed in any other risky venture? It is as legitimate to issue stock on the earning power of a matured railway success as it is to capitalize land value, patent rights, mines, or any other value not determined wholly by actual cost. It is as legitimate to capitalize earning

power as it is to capitalize a water power. If there is true power it has value and that value should be salable. If stock is sold to a duped public by false representations, rouse the courts to activity; but assail the falsity, rather than the property.

It is assumed that high capitalization gives railroads the right to make excessive charges to pay dividends; but the high proportion of roads which do not pay dividends weakens the argument. Railroads cannot charge more than shippers will pay and the shippers have the protection of sufficient law if they need to use it. There are plenty of abuses in railroad practice, but why should we expect railroad men to be different from any other group of imperfect human beings. We shall hardly reform them by suggesting injustice as a cure.

I anticipate the charge that I am writing in the interests of the monopolies; I plead guilty. I am writing in the interest of progress, growth, development — the true interests of the whole country, whether controlled by monopolies, aggregations or individuals. It were folly to hamper activity because its methods are often faulty. We must not shut down our industries because they fill the air with cinders. Keep them going while we find a way to prevent cinders.

Reforming Distribution

The force of steam has advanced our manufactures and our carriers in one century beyond comparison

with all other centuries together. The application of inventions has multiplied the effort of the producer and the transporter incredibly and continuously — but we still stick to methods and customs in retail-sale that were venerable and expensive in the days of Bildad the Shuhite. The prospective purchaser still travels to market to view a confusing repetition of similar goods, not always similarly priced, and caution demands that they be felt of, smelt of, and viewed suspiciously, before they are priced, bought, recorded, bundled and delivered.

We can easily compute the losses in the system from noting the unnecessary expenses which are necessarily paid through an addition to price. When we see thirty groceries in a town of ten thousand people, we know that those people are paying for thirty men's profits, for rent of thirty stores, for lighting and heating of the same, for all the duplication of book-keeping, advertising, clerk hire, etc., etc. Even were it necessary for convenience to have stores in different sections, it is evident that four or five would cover sufficient space — in fact, as a matter of course, the majority are huddled together. The same criticism applies to all retail traffic. Shoppers are going from one store to another, comparing stocks and prices which are commonly uniform; sales-girls are spending their time showing goods which are not purchased; delivery wagons are going miles to deliver spools of thread, and several wagons may be making the same trip to deliver similar bundles to the same home. Each

store is spending large sums to attract patronage from rivals. The whole system is foolish and extravagant in the extreme.

Suppose that a small store has an expense account of $1,000 to cover rent, light and heat; $1,000 for deterioration of stock and fixtures; $2,000 for clerk hire and delivery of goods; $1,000 for advertising, taxes and miscellaneous expenses, and $2,500 to cover bad debts and profit; here is $7,500 which must be added to the value of the goods purchased by the consumer.

Now suppose that another store competes for the same trade. It will have all the expenses of the first, and both will probably have more; for the advertising and bad debts multiply under competition. There will be at least $15,000 of extra cost which the consumers must pay.

But there are not two shops — there are dozens, lined up side by side, busy with clerks who show more than they sell. There is no sign of improvement. In 1890 there were but 264,394 salesmen and saleswomen, according to the census, while in 1900 there were 611,139.

A superfluity of shops increases the time wasted in shopping. Many require a dollar's worth of attention for every ten cents' worth of goods purchased. The retailer makes no profit out of this feature of the system — he should welcome a reformation.

Unrestricted competition in retail trade is lessening the possible purchase value of each dollar earned.

Competition does not affect economy until it makes profits scarce. The free field for selling agents stimulates the exciting of other than economic desires. There is a great and growing class which lives off the producer by rendering doubtful service in suggesting uneconomic uses of his earnings. It encourages desire for *unnecessary* things and services by every art known to human ingenuity. Nothing is *made* in these miles of stores that front the lines of trade. Nothing is *manufactured* in the offices of the sky-scrapers. The earnings of those who are not producing are paid by those who produce; why should so much be paid?

It is to the advantage of the seller to get rid of as much as possible, or at as high prices as possible. This is especially true of general retail trade where the future prosperity of any individual buyer is of little comparative moment. The latter is attracted by appeals to all his senses and all his vices. He is lured into the contracting of debt and deceived frequently as to the value, condition or construction, of the thing purchased. This is not intended as a wholesale arraignment of retailers; it is simply an exposure of the workings of human nature. Some manufacturers are perfectly willing to supply the fraudulent goods. Cheap stuff and poor stuff is turned out continuously for those traders who make profit out of inferior substitutes. There is a fundamental feeling that poor goods increase trade since they will not last and thus require continual replacement. The truly honest goods are those sold with

the name of the maker attached, — the advertised goods that rely on reputation. It is the unfathered goods which are dubious in quality as well as in ancestry.

The present system not only incites extravagance in the purchaser and multiplication of his fanciful needs, it also cheats him by forcing a progressive deterioration in products. There is a constant hunt for profit on the part of the jobber and retailer by giving less value for the price. Starting with mere adulteration, we have now reached the stage of substitution. Our canned meats are lost in a paste of corn meal; our woollen goods are often shoddy and our silk stuffs mercerized cotton. One of the meaner frauds is the use of substitutes in medicinal prescriptions, so that the sick do not get the relief prescribed for them. Official tests of drug-stores, by the filling of duplicate prescriptions at many places, have shown up a serious and criminal state of affairs. We seem to live in an age of sham. Imposing buildings are going up in plain sight with thin veneers of stone stuck on to simulate solidity, and concrete is needlessly given a surfacing to imitate stone. Contractors also tell me that there are plenty of fakes where plaster was cheaper than stone in some of the more venerable structures at Washington.

It is customary to hold up the manufacturer as an example of greed and avarice, since he sometimes makes a personal profit far beyond the ordinary salary or wage. He is, however, making partly out

of capital invested, which deserves profits of itself; and his other profit is but a small fraction of the price which the retail purchaser pays and but a fraction of the excess added by the retailer to the wholesale price, varying often from one fifth to one twentieth.

There are several possible ways in which to reduce the excessive expense of present retail methods; by co-operation, combination, state control and government ownership. Co-operation is quite effectual already in certain lands, but it does not prevent outside competition and it cannot force patronage. Combination is so feasible that it is certainly peculiar that no really large corporate body has considered this open field. It would require only a hundred millions, or so, to try the experiment, and such a sum is unimportant in these days of high finance. Did such a company establish great stores in a hundred important centres — not necessarily so large as to be already served by great department stores — and concentrate the buying under one head for all, it could get concessions in the way of costs that would shame railroad rebates. For such a purchaser would not only get the very best transportation rates, but it could buy in large bulk and make favorable contracts with the producers. It could save substantially in its general expenses as compared with its smaller competitors and be well prepared to drive them out of business.

If such a company sensibly let its customers become shareholders, it should stand no possible

chance of loss and could expand indefinitely. It could even produce many of its own wares if the producing trusts became extortionate.

The present retailers would naturally suffer, but they could prevent the loss if they cared — and dared. The counter-move is self-evident — let them anticipate the possibility by uniting themselves into great combinations, concentrating their little stores into great single units equipped with all possible devices to save labor and economize time! What matter if their leases do run — the profits of the new system would fully pay such associating losses.

The prevailing credit system distinctly injures all solvent and honest customers. We shall not always willingly be saddled with the debts of the debt-shirker. Ask the ordinary provision-dealer about the extent of his dubious custom and then reflect on who really settles for it! A great industry once tried to help its help by selling them goods from its own store at low prices for cash. It found that they preferred to trade at other stores, where they paid higher prices but could postpone the time of payment — or not pay at all. Such practice puts a premium on dishonesty.

By state control I designate a system which is already working splendidly as applied to the liquor traffic of the state of Massachusetts. The licenses are limited in proportion to population and a large local income is derived by placing high prices on the licenses. I know of a town which had sixty-four

licensed saloons under the old plan, which had to get along with ten under the new ruling. The ten furnished plenty of convenience to the population, except perhaps to those on the outskirts who therefore had longer journeying and possibly drank less in view of the multiplied steps of the homeward path. The price of drinks remained unchanged in spite of the high license and the profits were plenty, as proved by the annual scramble for licenses. Think of the actual saving to some one by erasing the necessity for rent, light and heat of fifty-four saloons, to say nothing of saloon owners and bartenders!

Now why should not a similar method apply to all other trades as well? Have a certain number of stores which could sell whatever they liked, except liquor, and make them pay heavily for the privilege. The revenue might allow us to dispense with local taxes on personal property; it would certainly reduce direct taxation of some nature. Those obtaining licenses would not have to raise prices; they could easily reduce prices, for they could sell much more per store, per clerk and per each item of general expense. Concentrate the stores of a locality and a heavy per cent of local expense disappears instanter. Take a directory and note the proportion of people employed in and by the local stores. The totals are amazing.

Of course such a plan would eliminate the small trader. It certainly eliminated the small saloon keeper. We cannot have progress without saving

cost, which is labor, and making it shift to other jobs. The very fact that a retailer does a small business proves that he has to add a large per cent to prices in order to get a living at all. In oriental countries one may see traders sitting behind a peck of fruit or vegetables, which constitutes their whole stock in trade and over which they will haggle with customers all the day long. We approach such absurdity in proportion as we recognize the necessity for the small dealer.

The world does not profit by putting able-bodied citizens back of bars or any other form of sales-counter. It profits when they take tools in their hands and busy themselves in production. When the fifty-four saloon-keepers and their assistants were thrown out of work, they got other employment. Many of them began to make things. They became an asset, instead of a liability.

The reforms that could make all richer are uniformly opposed by the poor. Poor people always magnify the sentimental side of any question, since they naturally place high value on immaterial personal attributes when lacking material values. The small stores are made possible because of the personal or racial friendships between the storekeeper and his customers, strengthened by association in church, lodge or what-not. Likes and dislikes enter where they have no economic relevancy. In small localities the population gets much of its social amusement at the store or the saloon or the barber-shop. If people must have conversation

with their shopping, they must expect to pay for it; they certainly *do* pay for it.

The actual profits of retail trade are strikingly in evidence when cut-rate drug-stores sell dollar patent medicines for sixty-five cents and make sufficient profit at that. If the bottle contains but half a pint of disguised whiskey, it is certainly dear at the lower figure. The bargain-counter sales of the dry-goods stores give us a fair idea of cost-prices. Any man who has graduated from a primary school can take a pencil and figure the approximate sales and expenses of the merchant that he deals with and get a fair idea of the extra cost added without allowing for profit.

The corner drug-store does not necessarily grow rich selling sweet water for five cents a glass or by charging ten cents for an ounce of salts bought for a dollar a barrel. If some six other drug-stores were closed up, it could lower prices and make more money. The average retailer is hard run to earn a decent living and deserves earnest sympathy, but he can not continue to balk progress. He may dislike to give up his independent position, — so did the small boot-makers whose little home shops were common years ago in many sections of New England. Some one must always give up when the majority gain.

Government ownership of stores sounds socialistic, but it is one of the very last changes proposed by the socialistic clique. This of itself would go to show that it has superior advantages; in fact, it

offers a bewildering vista of possibilities. Government ownership of factories could easily deaden incentive and dull invention, but stores use organizations more in line with departments already under governmental control. Were it not for the associating concentration of voting power, there would be fascinating chances in governmental domination of retail sale. The economies would be so enormous that the inevitable factor of mismanagement would cut but a minor figure. If it were absolutely illegal for any individual or corporation to sell a finished product — apart from the material or machines used in the making of other products — the government, as the only buyer in this country, could not only reject all unsatisfactory goods and refrain from patronage of dishonest establishments, but it could collect indirect taxes with ease, absolutely regulate foreign competition, enforce the use of good goods, save enormously in book-keeping, warehousing, delivery, rent, service, lighting, heating — the list is endless.

Advertising would then be limited to explaining the reasons for purchase of goods rather than used to exploit personality and call attention to mere locality of the selling place. Needless variety could be curtailed, cheapening manufacture as well as saving time for the purchaser. It is now necessary for hundreds of mills to change their patterns every year to meet the unnatural demand of the jobber for novelty that shall excite custom.

We shall hardly gain much applause for such a

scheme from the spokesmen of public opinion, since the press profits from the extra advertising involved in present conditions. Neither will the vendors of unnecessary products take kindly to their suggested elimination. The whole body of consumers could profit — as consumers — but it must realize that any such profit can only be brought about by united effort of those who are to profit. Changes occur only when it profits, or pleases, an active party to have the change, and not until that party appreciates the profit or pleasure thus made possible.

The people could have this profit for themselves, were they prompt and competent. Present retailers could also take it, were they able to sink their petty jealousies and sufficiently clear-headed to grasp its possibilities. In view of the limitations of all concerned, it is far more likely that some trust will grab the opportunity. There is no reason why it should not be grabbed — it is distinctly grabable.

CHAPTER NINE

PARTITION OF PROFITS

JUSTICE demands the reward of merit.

Every profit taken by the undeserving lessens the share of the meritorious. The deserving need not think they shall get their share by simple serving. They must take it and hold it, struggle to get it and fight to keep it, so long as they allow their despoilers free chance at their earnings.

Many care more for the satisfaction of producing, than for the product; but if they will not take their pay, they feed some scavenger and sanction his unsavory job. If one does not take what belongs to him, he encourages some other to take what does not belong to him.

It might be figured that each gets just what he deserves since one so foolish as to neglect his rights ought to suffer a punishment for the folly, but that hardly warrants another in profiting by it. There are some who work so hard at producing they have no energy left for protection.

We always find, on analysis, that value created is proportionate to the brain power or quality evidenced in the means used, except in such unusual instances

as the discovery of mining values, or other lucky strokes of fortune. It is brains, or talent, which increases values, in the ordinary run of affairs. We see races who will not use the assistance of invention; they live in mud huts and subsist on tree fruit. They do not gain in wealth a dollar a head per year. It is talent that has made the wealth of wealthy nations and that talent deserves its reward.

It rarely gets it.

The public usually acts like the spoiled child, that demands a bribe before it will obey good advice. People will not adopt a beneficial suggestion unless they are given most of the benefits.

The advance of the world is made through new combinations, not reproductions. Those who merely reproduce always dislike the necessity for change. They scout innovation and view suggestions for reform in a most pessimistic spirit. It is hardly fifty years since mobs destroyed improved machinery in the civilized country of England. A hundred years ago these same islanders drove inventors across the channel. It is not easy to force a benefit.

We think of the race as advancing, when it is only the few who improve their status. Men still do the work of oxen in certain countries, since they are cheaper to feed. The capacity of the shoveller has not necessarily increased in the last ten thousand years. The man with the steam-drill may know no

more than the one with the hand-drill, but he gets better results. He gets them but he does not make them. The steam does the extra work. The man who thought of confining steam is primarily responsible.

If we profit through tools we owe something to the talent which invented the tools and to the men who directed the talent, or furnished the means by which it became effective. It takes men of ideas, men of judgment and men with capital, to effect durable advance. We often fail to appreciate what we owe to the inventor and his investor.

Another important class includes men who are not original in thought or method but who grasp existing possibilities and force events which would otherwise fail to occur. These masters of opportunity are unfortunately scarce. Their chief assets are shrewdness and courage. They display true power when they guide conditions, and true intelligence when they foresee results.

It were the acme of folly for the possible majority of individuals which may control the future plan of production to think that it could do away with the dominator. It could much better avail itself of his talents and encourage the training of more of his kind. The greatest lack in modern methods is in those fitted for the new responsibilities. The massing of capital requires massive men to handle it. Many envy their pay, but they often are not paid enough, in view of the results that they are expected to accomplish.

We need more men of individuality and originality. We must get over the false habit of approving imitations. There is an economic significance in novelty, as it is only through the introduction of novelties that desire enlarges its sphere, stimulating the necessary increase of activity that shall earn the means of gratification. Each individual can add to the general activity of aroused intellect by avoiding conventionalism in thought, at least, and by exciting a new range of fit desires.

Many think to be clever and deserving, since they comprehend the problems that others have solved. The art of quick comprehension is merely the appreciative realization of what-is. The slower determining of what-is-to-be will profit better in the long run.

The reign of justice will be supreme when each factor in production and distribution gets the exact fraction of extra profit which was contributed by his willing effort, correctly applied, in comparison with the returns which he might have expected in pay for the effort normally forced from him in the average of conditions. It may be well to increase and cheapen production by giving a per cent of extra profits to all whose efforts can directly control the volume or the cost.

We have had combinations of laborers and combinations of capitalists — it is not impossible that we may next be met with a combination of those who sell their talent, their directing power, their tact and experience as managers. They could certainly

embarrass business if they struck for recognition. We had better give them no cause for dissatisfaction.

This division into classes is the very thing our wise forefathers tried to avoid. All this demagogic talk of the interests of "The People" confessedly selects one certain section for favor. It may be a large class, it may be an unfortunate class deserving of sympathy; but it is not just that any class should have its interests made paramount. When we talk of equal chances for all, we should mean what we say. "All" includes rich with poor, lucky with unlucky. Make the chances equal for all if possible — but do not decry nature because unequal men will profit unequally from the chances present.

We want *more* chances for all.

The clever will get more than at present out of such abundance, but so will the stupid. There is profit for the latter in encouraging cleverness, for there is always a majority of the clever who never take — or get — their full earnings. Expansion and prosperity depend on the activities of a certain distinct type. That type will increase as it is encouraged — and it is often encouraged as much by generous approval and sympathy, as by more substantial favors.

The leaders must shape policies and give impetus to projects, but the mass can defeat their aims if it will not be led in the right direction. The people should educate themselves to recognize fit leadership; they should learn to distrust those who appeal to

their passions, those who will not declare their principles, and those who seek nothing but their own aggrandizement.

The author is not sufficiently optimistic to believe that the average acquirer, or the average voter, is to be educated by reading — no matter how true the writing. We learn through personal experience or illustrative example. The betterment of the world rests with those who are above the average. They must furnish the examples that shall illustrate how the rest can also attain — if they, too, rise above the average.

The man who reduces cost of production, transportation or distribution is a public benefactor. So is the one who stimulates progress by cultivating fit desire, or creating a new and goodly want; but the one who corrects a false want has, perhaps, done more than all, for he not only economizes by stopping a channel of waste, but he improves the race itself by turning it from a harmful habit. It is more important to improve a man mentally or physically, than to fill his pocket. The one who will teach us what to eat and what not to drink will have solved the greatest economic, and possibly the greatest moral, problem of the age. There is a difference between teaching and telling. Great discoveries and clever inventions have been made by single minds long in advance of the ones who are finally credited with them, but the earlier discoverers were not always convincing in manner, or method, or they did not actively enact.

It is difficult to convince those whose age has sanctioned habit. We should not trust entirely for action to the men who have accomplished. Acknowledged reputation often fears to risk new chances. Those who have given their effort in the past may be looking for recuperation rather than new strain. Give the young men a chance — the eager men an opportunity — for the young men and the eager men are anxious to prove their merit. Their labor is economic since they think more of winning than of reward. There is a refreshing innocence in youth which is also advantageous. It takes time and experience to develop the selfishness which alarms.

Most of us want more than we deserve — and we ought to have it; for there is plenty of wealth left over from the past which belongs to no one in particular. We have free chance at the stored thought of centuries. We are free to use thousands of ideas that lessen the necessity for experiment. If we ignore the experience of others, we deserve less than those who are willing to profit by it.

Deserts should be proportioned to deeds.

Justice not only demands the reward of merit — in proportion to its merits — but likewise the discouragement of incompetence. It is as necessary for the unfit to be restrained as for the fit to be recognized. Justice is the defining of rights. It declares that the strong shall not take from the weak without rendering proper equivalent, but our bastard equity does not attempt to prevent the

weak from getting more than their due at the expense of the strong. It is not just for the useful to be hampered or for the unproductive to be pampered.

If this be logical — and who dare say that it is not? — the popular contention of accepted authorities in philosophy, to the effect that the world should aim at the greatest happiness of the greatest number, is fundamentally erroneous. The world would be very unfair if it did any such thing. The fit end for the world's effort is the happiness of the deserving, be they few or many. Those should be happy who have made happiness possible, those wealthy who have multiplied wealth. The unfortunate will ever awaken sympathy, but it were untrue and inadvisable to let those who have missed their chances believe that others have stolen them.

We should not encourage those who rise by climbing on our shoulders. We need not lend the shoulders. In helping them up, we are loaded with a burden that effectually holds us down. We can let them drop, but we need not also pull down those who stand on pedestals of their own making, nor let the jealous batter the pedestals. The owners' position is not necessarily enviable — they make splendid targets for the mud-thrower.

CHAPTER TEN

SUMMATION

It is possible to agree with various separate conclusions and still miss the general facts presented in their grouping. It should now be plainly evident that more for any individual can be acquired in varied ways, — from a greater share of *existing* wealth, or a greater share of *future* product, or a *sufficient* share in a *greater* product, or a *sufficient* share in a *better* product.

In the application of the first plan, the share of some other sharer must be reduced, involving the use of persuasion, force or trickery. The second plan is similar in requirements supposing the same principles of production to apply in future as in the past. It is curious to note that all the popular reforms of recent years, Free Silver, Single Tax, Socialism or Government Ownership, all include adaptation of these first two comparatively unadvisable methods. None of them increase product. They create no new value. They only aim to adjust discrepancies. The energy devoted to correct division might possibly be better utilized in making more to be divided.

Increase of products, which can give more to all individuals, is simply attained. It merely requires that savings be definitely used in new production of wealth, rather than go toward foolish waste, worse debauchery, or the support of needless factors. The reason why we progress no faster is simply because there are so many amongst us who are not competent to care for or use the wealth which they now get, creating endless opportunities for plunder by the unscrupulous who are unrestrained by present law, or by the enforcement of present law. When money is scattered the best grabbers profit, and we develop the art of grab by our recklessness and laxity. Lack of care thus breeds temptations and encourages the tempters, lack of instruction leaves false reforms an opening, and lack of experience sanctions false indulgences. So it ever has been and so it will ever be. We can only do our best to limit the number of the unenlightened. We are growing wealthier in spite of our errors, which goes to show how much we could advance did we lessen the errors.

In order to increase the savings applied to the production of more, we shall certainly have to eliminate some of the present unnecessary expense. We must apply economies and employ competent brains to devise the best methods. We must get good results by paying for results; it is cheaper in the long run.

We should logically apply effort where the greatest gains are possible. That does not mean that we

should necessarily attack the least perfect conditions first. Certain evils are more strongly defended than others — securely intrenched behind impregnable defences, the work of continued stupidity of heredity. It were an unpleasant job to destroy the garrisons. They will die soon. Their children may decline to be garrisoned.

Personally I see the greatest possible chances for stimulation of the increase of actual, wealth-creative property through the plan of additional currency, issued on the bonds of wealth-creative utilities. I see greatest chance for economy in a limitation of retail competition and I see how such limitation could easily provide revenue that could serve as a substitute for certain present unethical taxes. I believe in continuing the policy of protection to home industry and I would like to see that policy extended to protect the industrious against the mistaken destructive antagonism of their own countrymen. I see important chances for reform through a lessening of theft and swindling; but I despair of change until the people are ready to respect fundamental principles and show equal eagerness to condemn the tyranny of striker or monopolizer, petty thief or rich plunderer.

Mistaken self-interest so prevails that it is almost impossible for students to find any generally accepted economic maxims; neither can they find sufficient impartial testimony from which to draw conclusions. People copy their views from newspapers which contain the quickly recorded thought

of men who consider the daily problems as they arise, with no chance for calm reflection. Human problems require the thought and investigation of years, with answers considered and re-considered again and again before they should be booked and permanently recorded. Published writings are too often inspired by envy, instigated by expediency, or injured by imagination. The truth is obscured by those who profit from conditions which content them. Some even join in the restriction of enlightening influence from a furtive fear that any profits through spread of knowledge will go to those alone who are clever enough to anticipate the application.

Effective advance requires that true education convince all of the possibilities in concrete gain, enlisting support through practical proof of a profit. We can certainly hasten reform if we prove it profitable — and it must be profitable if truly reformatory.

We advance the quicker if we build anew rather than remodel. We should make force constructive rather than destructive, except when it is absolutely necessary to remove obstacles. Time destroys of itself without our assistance. In the economic application of philosophy it is only necessary that the people discover the profit possible for all in effecting an increase of value, rather than attempt sectional advantages through new apportionment of present wealth. I repeat this, for sake of emphasis.

But what of the better product, the quality which should seem more important than quantity? That,

unfortunately, cannot come through mere legislation or adoption of change in system. It must come through educating our people to know quality and to demand quality. Give us greater quantity and we shall have more time to think of refinements. Even with all our boasted wealth, there are millions of our population who do not live in decency — who cannot afford to live in decency. There is not enough wealth now created to enable all to live on the scale our civilization demands. There never will be enough until the lower grades of effort are made more productive by adopting better methods or enlarging the proportion of productive workers. Let our greater effort be given to producing more decencies. A minority can keep up the struggle for the culture which they alone, as yet, appreciate.

The author would hardly have the reader conclude that wealth is of dominating importance. It is mainly of value as an aid to further effort, a mere necessity in the attainment of achievement. Men of activity and imagination are fretting out their lives, hampered by lack of resources. There should certainly be more wealth available for those who care not to gratify personal desire, but rather to do something of purpose — something that betters the world or its people. If we could only limit improper uses, we should force some wealth into fit uses by merely following the lines of least resistance.

The world, in justice, can hardly ask for greater riches till it shall prove worthier of riches — till its women aim to be beautiful and intelligent rather than

artificial and superficial, till its men get strong and virile rather than corpulent and sterile. Given enough of the alert and the active, and ideas will ripen quickly. Those quietly aging can assist much if they lend counsel from their experience. Let the successful see to it that they shall use their proceeds well, not joining in the mad rush for dollars with no fixed purpose other than amassing an evidence of prosperity. The mass aspires for wealth to equal the profitless extravagance of the vulgar and to excite comment, whether it be favorable or not.

Progress is necessarily slow. We shall not arrive at perfection in our day — or any other day. We can steadily improve by adopting logical betterments, if we are brave enough to change.

The bravery need not extend throughout the mass. The majority is still slowly plodding through the middle ages. It is only necessary that a sufficient number of the courageous band together to create a definite public interest in the movement. We are on the verge of a new era — an era in which honesty can take first rank if not too modest — in which those *who do* can claim precedence, if not too generous. We may stay on the verge a long while if we wait for the crowd behind to push us over the edge. If we jump clear, we may land safely, but an accidental fall might seriously injure. We may not hesitate much longer — the present footing is getting insecure.

THE END.

APPENDIX

CORRECT logic arrives at consistent conclusions irrespective of existing evidence, since such evidence may illustrate illogical conditions. There are certain events and opinions, however, which may strengthen the timid inclination of the wavering, and a few figures are now interspersed in affirmation of previous assertions. It is not to be assumed that these disconnected excerpts exhaust corroborative research — they are but a few samples selected for special pertinence from a mass that would be indigestible in the whole.

The Many That Are Less Rich. (*See pages* 8-15.)

Booker Washington has estimated the property of the colored population of the country at $300,000,000 and he spoke of this accumulation in a spirit of pride; but it represents only $30 each for 10,000,000 negroes, and any division of property under socialism, or other confiscation, would require a large contribution from some class of whites to even up the discrepancy. The white demagogue might gulp and swallow several times before agreeing to the turning over of some billions to his colored brethren,

yet their equal share would, in the happy days of universal equality, absorb billions of wealth now in the hands of the whites.

Division of Profits. (*See page* 16.)

Suppose we take a well known trade article like a pair of three-dollar Goodyear-process shoes. At the time of investigation the value was made up about as follows:

Leather	$1.10
Sundries	.12
Labor	.46
General expense	.10
Profit and royalties	.10
	$1.88
Jobber's margin	.22 to .27
Retailer's margin	.90 to .85
	$3.00

What difference would it make to the customer whether the manufacturer made one cent or five cents per pair? What difference if the shoe machinery trust, which gets the bulk of the royalties, made seven or two? Shoe manufacturers tell me that they do not average four cents profit year in and year out, which is but two cents on each shoe, and they spend much energy of resistance in eluding the machinery trust. This principle of small profits on big sales was never more clearly shown than by this same shoe machinery concern; for its original common stock was capitalized at $25 per share —

with the usual sort of common stock assets. In a reorganization this old stock was retired on the basis of one and a half new shares for one, and the new stock has sold at $80 per share, or $480 as compared with the original stock, had it been issued at the usual hundred dollar basis.

There may be profits for the leather trust in selling the leather; there may be profits for the other trusts who furnish the thread, the nails and the eyelets; but a blind man could see where the real chance for economy lies, and it is entirely outside the scope of manufacture.

Many shoe manufacturers have tried to save the profits of the jobber and the retailer by owning their own stores, but they still incur the large expenses attached to the vicious system that prevails. Centralization of selling points and education of the buyer could do away with much of the present loss. The mail-order system is already teaching the people that it is possible to purchase without fussing and vacillating.

Dishonesty. (*See pages* 21-29.)

Mr. Bailey Millard in the *Saturday Evening Post* for May 25, 1907, in quoting the actual returns from the Fidelity and Casuality Company, of New York, states that their records show peculations of those who handle the money of others amounting to $18,883,709 for 1906 against only $12,623,536 for 1905. For the first quarter of 1907 the record of banking embezzlements alone was twice as bad as for the same period in 1906, showing no sign of recent improvement, although the banking losses

for 1906 were twice as bad as for 1905. Where on earth is this going to stop?

The author recently listened to an essay delivered by a most respected business man who championed the idea that we were not deteriorating in business honor; he might have been right, — I think he is right, — but these figures show that we are certainly deteriorating in certain lines of personal honor.

During May, 1907, well dressed, supposedly representative people, visited the cruiser *Verese*, on which the Duke of Abruzzi had come to this country and not only stole his silver toilet articles, but unscrewed brass fittings from the machinery of the ship; in fact, they took everything that was loose. Within a few days the Japanese war-ship which brought General Kuroki was similarly treated, one officer even losing his war medals, which were pinned to a coat hanging in his room. Admiral Evans, of our own navy, speaking in reference to these happenings, said that on his own ship American visitors had stolen the gun sights by dozens, also screws from the search-lights and carbons from the lamps.

After the San Francisco earthquake and fire, the Germania National Bank, which had lost most of its books, asked its customers to state the amounts which they had on deposit. They knew the exact total owed, but not the detailed distribution. The sums specified exceeded the known deposits by more than $75,000, showing that hundreds of depositors were taking advantage of the situation to lie about their deposits. George Kennan referred to this state of affairs in *McClure's Magazine* for

November, 1907, and it is somewhat disheartening as showing the dishonesty of a class that had already qualified as being both thrifty and prudent.

Incomes. (*See pages* 47-50.)

Since all the equalizers aim at a more uniform general income, it is well to see how present incomes are apportioned. The question of income is necessarily linked with that of occupation.

The classification of the census gives us the relative proportions in various industries, but the census department puts unskilled laborers, who dig and carry, into the service department, while they might be better grouped with the producers. I think the following will fairly represent the proportionate employment in various lines in 1907, assuming a population of 85,000,000 people and forty per cent of them employed.

	Employees and Employers
Agriculture, including lumbering and stock-raising	12,000,000
Manufacture and other production	11,000,000
Transportation	1,300,000
Wholesale and retail trade	4,200,000
Public and private service	4,000,000
Professional service	1,500,000
	34,000,000

It would be interesting to analyze the labors, were there space available. About one half of the laborers work out of doors when the weather per-

mits, and have no steady employment when the weather does not permit. It takes as many to sew as it does to make the cloth to be sewn — as many to wash the clothes as to make them. There are more barbers than clergymen, more doctors than lawyers, more servants and waiters than are in any other distinct line of employment. Farmers are decreasing in number, while increase emphasizes the growth in the luxury of personal service.

Now the incomes of the people must come from the wealth produced. Chairman Fowler of the Banking and Currency Committee of Congress is quoted in the *Journal of Commerce* for Dec. 3, 1907, as saying that our crops for the year are worth $7,000,000,000, our mining products $1,400,000,000, and our manufactured products $17,000,000,000, some $25,000,000,000 in all. The unthinking reader might not know that this total is highly misleading, since it values the same products twice over in several instances. The crop statistics are always inclusive of cattle and also include the food fed to cattle. The manufactures include the greater proportion of the products of the mines, to say nothing of cotton, wool, hides, and other farm products already counted under the misleading heading of crops. In the total is also a continual repetition of value since many manufactured goods use as raw material other manufactures already reported as finished product by their manufacturers. There is also a large percentage of manufacture which is in the shape of repair and replacements that only keep former wealth at par. There should be deducted all the loss by wear, tear and fire, that is not replaced within the year, all the loss by using up capital in

the cutting of lumber, wasting of fertility in soil, etc. The net wealth really produced and ready for division would hardly reach $20,000,000,000, it would probably be nearer $15,000,000,000.

But we can properly add in the value produced by the dirt displacers which is not necessarily included in the total given, and it must be remembered that these values are values at place of production and are therefore wholesale values with nothing added for transportation and retail distribution. There may be over $20,000,000,000 of net value at consumer's costs, which might give $250 to each of us if we neglect to pay any charges for rent, interest and taxes for the concerns or individuals producing.

There might be some $600 each for the active workers on the same scale of division, but the rest of the population has to be supported out of this wealth and will get a certain share of it. This is all we could get under the equalization of socialism, providing socialism would produce an equal product.

Of course no sensible person believes for one instant that we could produce an equal product under socialism. The very head expounders of the creed aim at shorter hours and less speed, which must reduce product. Eliminate the competition which forces foremen to drive workmen and the product lessens materially. There are many instances where there has been a loss of twenty per cent in product per operative due to an independence stimulated by short labor supply under our present system.

The figures given will be criticized by those of competent authority as being too high, especially since I have taken a most generous year as typical —

a year of great product and the highest price valuation known for several decades. The discontented have a notion that they are cheated out of fabulous sums, when the surplus which they dream of does not exist. A clever novelist, professing socialistic views, recently asserted to me that we could have all the produce that we wished under application of socialism by working four hours per day. When told how small the actual figures of production were he simply said that he did not believe them. He represented the popular view and the popular view is wrong; it is almost always wrong.

A large part of our produce grows in and on the soil. Socialism will not make a cow give more milk nor fill a vein with coal. It might allow a great waste of effort and property in trying visionary experiments and it could also unsettle the law of self-preservation. We usually hear more of the creed in times of high prosperity, proving that it rises from envy rather than necessity. Greed grows on what it grasps.

Law Not Justice. (*See pages* 51 - 54.)

The Connecticut Blue Laws prescribed a sizable fine for the heinous offence of eating mince pie. There are many laws in many states which prescribe that certain acts are legal within certain artificial limits of time or place, but the limits vary in the different states. We see Presidents in their messages advising the repeal of laws that have not worked wisely, and we see the Supreme Court continually killing the effect of legislation by pronouncing it unconstitutional.

People are not, therefore, necessarily immoral or undesirable because they ignore a law. It is customary to pronounce them so when they happen to be unpopular, but we have no right to discriminate. As illustrative of common indifference, or ignorance, the *Boston Daily Advertiser* on Sept. 28, 1907, reported that ninety-five per cent of the churches in the Commonwealth had failed to observe a certain building law requiring exit notices, although they might thus bear a heavy penalty of responsibility in case of loss of death by fire.

Our recent panic was not due to change in law so much as to change in application. The enforcement of a formerly dead law is, of course, identical in result with the passing of a new law. It is not by mere accident that value began to crumble in the fall of 1907 directly after the penalizing of a corporation by the greatest fine on record for an illegality occurring some five years before.

The $29,000,000 fine was passed on a corporation quite commonly believed to have continuously offended; but it is an accepted principle of correct law that no one should be considered guilty until so proved; also that no public assertions should receive credit unless the one assailed shall have the right of cross-examination. It seems evident to all fair-minded men that the judge in passing sentence was thinking of the numberless accusations made for which the company was not on trial, although he had no right to consider any facts or assumptions bearing on offences not then being tried. The fine was wholly out of proportion to the particular offence and multiplied by an arbitrary ruling as to what constituted a shipment. It is as if a policeman, who

could not entrap a clever burglar in the actual committing of a crime, should haul him before the court for expectorating on the sidewalk and argue that the voiding of each particular molecule of moisture was a separate offence worthy of a separate fine.

It must be remembered that the very offence so severely penalized had been repeatedly committed by a former member of the President's cabinet — in fact, it has been said that the President selected him as an adviser because of the very experience he had accumulated. And when it became necessary for a body of conservative men to select for a position of trust and confidence, they took this same crime-stained law-breaker and put him at the head of a great life insurance company. They probably chose with prudence and foresight, but such choice certainly emphasizes the fact of apathy for impotent enactments. There should be no tardy penalizing to make up for early tolerance.

Socialism. (*See pages* 54-66.)

" Mr. Sinclair talks quite literally about the guts of hogs and cows; and the nastiness involved in handling the same. I agree with him. The work is not nice work. But will Socialism bring about such a change in the habits and food of cows and hogs that the guts can be cleaned in the front room, as a part of the evening's pastime, while we listen to the phonograph or the pianola? . . .

" If under Socialism each man can be what he pleases, no one will do the dirty or dangerous work. If each man is *not* to be allowed to do what he

pleases, some system of coercion will be necessary. And coerced labor is slavery, isn't it?" — *Thomas E. Watson (former candidate for President of the Populist party).*

Conversing with a relative, recently home from a sixteen years' sojourn in Australia, it was interesting to note his fresh impressions of that semi-socialistic continent. Perhaps in his American contempt for officialdom he exaggerated by noting the evils alone, but the evils themselves are easily confirmed. He spoke of its enormous debt and small total population. It owes considerably over $1,000,000,000, although it has never had a war to be financed. This is more than we owe with a population about twenty times as large, and our debt was incurred through a most expensive civil war. He mentioned the scramble for government jobs which are obligingly multiplied so that a town of some thousand people may have some two dozen employees, or officials, falling over each other at the government railway station. Cities are sometimes divided into sections, with mayor and sub-officials for each. There is no hearty attempt to create wealth except by shearing sheep and digging gold. The aim of citizens seems to end in support by the government, which must raise the necessary revenue by borrowing on the credit of the coming generations. It might be interesting to know just who holds the bonds that will some day default. No wonder that socialism flourishes in lands where there are debts to be paid!

The National Civic Association invited that brilliant English writer, W. H. Mallock, to deliver a series of lectures on socialism in our country

which they printed for distribution in February, 1907. It is hoped that these few extracts will prompt many carefully to read the whole.

"Capitalism, regarded under its productive aspect, is essentially a device for imposing, by means of wages given or withheld in accordance to the industrial obedience of the wage-earner, the intellect and the knowledge resident in an exceptionally gifted minority, on the manual operations of the majority of mankind; and when socialists talk about emancipation and economic freedom, the only meaning which their language can really bear is the emancipation of the average man from the aid and guidance of any intellect that is in any way superior to his own. . . .

"The handicrafts of the ancient world, as we see by the work of the masons who built the Parthenon and the Coliseum, were not inferior to the handicrafts of the best manual workers of to-day . . . the ability by which labor is directed has undergone changes of a very important kind. . . . The excess of wealth produced per head of the industrial population . . . is due to the cause that has undergone a marked variation and not to the cause which has practically remained unaltered.

"There was a community called Fraternal Community No. 1 of the practical Christian Republic. This satisfied for a time the wants of its members, but these never, at the most flourishing time, amounted to more than two hundred; and even the two hundred at last had to admit that their enterprise was a failure. And what has happened at the spot where these two hundred persons failed to support themselves by production organized on

Christian socialistic principles? An answer was given lately to this question in one of the New York papers. 'The habitation of this community,' it said, 'has been supplanted by a model village erected by a cotton manufacturer for three thousand of his own workmen.'"

The model village happens to be the home of the author of this book. It has grown up through the continued efforts of several members of one family who manufacture cotton machinery instead of cotton, but this hardly changes the argument advanced.

In *The Exponent* for September, 1907, it is stated that since the earliest appearance of Socialism in various countries the Socialist vote has increased as follows:

In Germany	from	30,000	to	3,500,000
" France	"	47,000	"	880,000
" Italy	"	49,000	"	215,000
" Great Britain	"	55,000	"	342,000
" The United States	"	2,000	"	442,000

It will be well to watch Germany where the gain seems significant of much trouble in store.

Antagonism to Property. (*See pages* 67-74.)

"There are persons who constantly clamor. They complain of oppression, speculation and the pernicious influence of accumulated wealth. They cry out loudly against all banks and corporations and all means by which small capitals become united in order to produce important and beneficial results. They carry on mad hostility against all

established institutions. They would choke the fountain of industry and dry all the streams."

This sounds like some modern subsidized college president, but it comes from even better authority. These are the words of Daniel Webster before the U. S. Senate in 1838.

How Wealth Increases. (*See page* 75.)

A press despatch from Northampton (Mass.), May 7, 1907, states that the probate court of Hampshire county has just ordered the division of the estate of John James of Goshen who, one hundred years before, left $100 to accumulate with interest. The proceeds were $19,431.72. This reads like a wild freak of imagination, but it simply shows the possibilities in investment of savings at interest.

Millions. (*See page* 76.)

"In 1846 Moses Y. Beach, then owner of the New York *Sun* compiled a list of 'the rich' of the American metropolis. To have $100,000 was to obtain entry on the financial roster, yet only 1,024 names were recorded, and of these only 23 were set down as worth a million or more. That list was the last of the old order. Ever since has the millionaire class been increased till a few years ago there were said to be 1,400 in New York City alone, with 2,600 through the rest of the country, their estates aggregating some $6,500,000,000 . . . Statisticians now (1900) point to 5,027 millionaires in the United States, their fortunes totalling at $9,000,000,000 at the very least." — *New York*

American (the most rabid anti-capital publication in this country).

Yet even accepting this statement, it means but little over $100 each for the people if divided — can we afford to be anarchists for $100 each?

The boy with a red apple in an appleless throng is undoubtedly envied, but it would help that throng little to seize the apple, cut it into infinitesimal parts and invite the whole neighborhood to the feast.

Even if we accept the popular assumption that one million of our population owns $50,000,000,000 of property, it means less than $600 each amongst our 85,000,000 people.

Some may object because we are including children in the division, but no scheme of equal apportionment is logical which does not save a share for each child to have when it matures. It may also be urged that in a division it is not only the $50,000,000,000 that would be shared, but all the rest of our wealth beside.

Very well! The government estimate for 1900 assumed our total wealth to be $94,000,000,000. It was supposed to have increased to $110,000,000,000 in 1905. What it is at present writing (December, 1907) no one knows, for we have had a shrinkage of several billions on listed stocks alone, to say nothing of unlisted securities, un-incorporated business, real-estate, etc. Whatever figure is chosen includes in the total the wealth owned by foreigners who are heavy investors in American securities, all the property of the government in its National, State, County and Township divisions, all the property of the churches, colleges, lodges, libraries,

hospitals and other institutions that exist for the people, and a great proportion of value that cannot be turned into cash, or made the slightest use to the individual if present methods are discarded.

Trade Unions. (*See pages* 81-96.)

Both unionists and socialists aim at dividing the profits of present employers, but at the time of writing unionists hesitate to commit themselves in favor of socialism since they would prefer to divide their spoils amongst their own restricted membership rather than share with all. Unionism differs clearly from socialism in being a live present issue. It threatens interference in politics and already dominates the employers of many distinct trades.

And yet the unionists numbered less than 2,500,000 out of some 34,000,000 workers in 1907. They could afford to support 7,000 salaried men and pay large expenses in rent of halls, strike-pay, etc. While individual members may earn higher pay through their union affiliation, it is not proved that the majority earn enough more to balance the cost of unionism — especially when noting the higher prices they themselves have to pay for rents, commodities and other expenditures affected by their own acts.

At the time of writing there is no section of the country which shows so high a per cent of recent wage-increase as in the South, although unionism has little hold over its main industries. The author spent some seven months travelling in Southern business sections during 1906 and 1907, and found the wages doubled in many lines as compared with

the practice of years not far distant. Wages obey the law of supply and demand irrespective of unions and unionists except as they limit the supply — or its effectiveness — which they often do.

The author is somewhat qualified to speak of the building industry since he has been largely interested for years in the quarrying trade and has personally backed large building contracts as an associate feature. He need not relate the unfortunate history of the general business — a direct result of union control, — for the government has unconsciously given sufficient evidence. It may seem rather late to quote from the census of 1900 but no one else has apparently shown up the striking conditions in this branch of employment.

The building trade did not advance at all in the ten years ending with the taking of the census. The country was increasing rapidly in population, other industries were increasing as a whole nearly thirty per cent in number of workers employed. Use of labor-saving machinery cannot explain it; other industries also were adopting new methods. Houses are still built by the trowel, the hammer and the saw.

Here are the actual figures:

	1900	1890
Total of all workers	29,073,233	22,735,661
Over 6,000,000 gain for 1900!		
Note the poor relative showing of the carpenters	600,252	618,242
Likewise the masons	160,805	160,845
Plasterers still worse	35,694	39,002
Mechanics in building trades	9,378	15,485

Note how the producers of building material are affected:

	1900	1890
Brick and tile makers	49,933	60,214
Marble and stone cutters	54,460	61,070

Note the effect on the furniture makers:

	1900	1890
Cabinet makers	35,619	35,915
Carpet factory operatives	19,372	22,302

This comparative stagnation occurred in spite of the severe and continual destruction through fire and in spite of the growing wealth which should allow more generous housing. That there is still a great scarcity of buildings is shown in the general rise in rents. The extra wages of the building trades have therefore not only discouraged building, but re-acted on the whole house-using population. A higher price for lumber has added to the complications.

In many important centres, rents have risen from fifty to one hundred per cent already. Self-respecting citizens are being made to move into squalid, airless, cheerless quarters. They doubtless feel aggrieved and embittered, but it is doubtful if they realize that men of their own kind and class are producing the conditions.

This is one of the evils which cannot be shoved on the trusts. There is no stone trust — no lumber trust. Bricks can be made anywhere and mortar is plenty. The trouble all arises from the labor trust — an organization which can give points to many less aged imitators.

"As they have grown powerful, the unions have themselves become exclusive and oppressive, and their former altruistic spirit has been corrupted by class selfishness. Their modes of action, which were partially sanctioned by a genuine altruistic purpose, have become abhorrent when used for selfish ends. Civil war for freedom, or progress, or security, has a very different ethical quality from civil war about wages or an eight-hour day. The plain fact is that the proscription of non-union men, the strike in sympathy or in support, and the boycott, are weapons which saints and angels could not use without being demoralized." — *Charles W. Eliot President of Harvard University.*

"Oh the bitterness with which labor pursues, not wicked capital, but poor and helpless labor. And, strangely enough, everybody is terrorized. Some pulpits have fixed their eyes so intently on the wrongs of the twenty union men that they have no kind words for the eighty non-union families. The politicians will not speak; most papers will not speak." — *Rev. Newell Dwight Hillis* (*successor to Henry Ward Beecher*).

The fact that wages rise with a rise in value of product, especially when that product is protected against foreign competition, is well shown by the extraordinary increase in lumbermen's wages. The *North American Review of Reviews* for November, 1907, contained this extract: —

"The following comparison of northern pine lumbermen's monthly wages (board included) shows one element that enters into the increased cost of lumber:

	1896–7	1906–7
Teamsters	$16.00	$40.00
Swampers	13.00	45.00
Choppers	14.00	45.00
Loaders	20.00	45.00
Sawyers	14.00	42.00
Graders	13.00	40.00
Chain tenders	16.00	40.00
Blacksmiths	35.00	75.00
Cooks	40.00	75.00

The *Bulletin of the Bureau of Labor*, published by the Department of Commerce and Labor at Washington, No. 71, July, 1907, states: —

"In the year 1906 the average wages per hour in the principal manufacturing and mechanical industries of the country were 4.5 per cent higher than in 1905, the regular hours of labor per week were 0.5 per cent lower than in 1905, and the number of employees in the establishments investigated was 7 per cent greater than in 1905. The average full-time weekly earnings per employee in 1906 were 3.9 per cent greater than in 1905."

Referring to the purchasing power of wages as figured with investigation of retail prices of food products, the *Bulletin* states: —

"A full week's wages in 1906 would purchase 1 per cent more food than a full week's wages in 1905."

The comparison with conditions existing in an earlier period are shown by the statement: —

"As compared in each case with the average for the years from 1890 to 1899, the average wages per hour in 1906 were 24.2 per cent higher."

This does not represent a net gain, because the average hours per week were 4.6 per cent lower, bringing the average earnings per full week 18.5 per cent higher than the average earnings per full week during the ten years from 1890 to 1899. The raise in retail prices of commodity, however, show the full week's wages in 1906 purchasing 2.4 per cent more, if reckoned on the variation in food prices, than in the average period from 1890 to 1899. The increase in rate of wages for the period was by no means uniform. The *Bulletin* states:

"The industry showing the greatest increase in wages per hour in 1906 as compared with the average for the ten years from 1890 to 1899 was the building trades, in which the increase in wages per hour was 40.2 per cent. In street and sewer work done by contractors the increase in wages per hour was 39.8 per cent."

The naturally protected trades also showed great decrease in number of hours. The *Bulletin* states: —

"The decrease in hours of labor in printing and publishing, book and job, was 9.3 per cent; in the building trades 9.1 per cent; and in street and sewer work done by municipalities direct, 9 per cent."

If a gain in wages of 18.5 per cent as compared with the period from 1890 to 1899 only gives an increase of 2.4 per cent in purchase power, it is plainly evident that the higher wages which unionism claims to have produced are largely offset by the higher prices made necessary.

The *Labor Bulletin* of the Commonwealth of Massachusetts, No. 41, issued in May, 1906, gives some interesting data as to wages and savings in

Massachusetts for 1904. An investigation of the wages earned by girl grammar-school graduates in Boston, showed that they averaged $3.35 per week at the start, and $3.99 per week some ten months later. An investigation of incomes and expenditures of professional and business men showed an average income for the year of $3,152, with an average saving of $680. The largest incomes were those reported by bankers and brokers; the next largest lawyers; the next, wholesale dealers. The lowest incomes were those of captains and mates of sailing vessels.

It must be understood, of course, that receivers of very large incomes would be very likely not to respond to an inquiry of this nature, by reason of the annoyance and the time taken. They might be balanced, however, by those ashamed to report a small income; although the reports were so handled that no personalities were known.

An investigation of the wages of women workers in general showed an average yearly income of $507; average savings, each, $61. It must be remembered that the lower grade receiving lowest incomes would hardly respond readily to an inquiry of this nature.

The New York *Sun* for August 3, 1907, printed a report of conditions existing in San Francisco, then dominated by labor unions, whose corrupt mayor had just been sentenced to a maximum term in the penitentiary. It told of a man being spat on by a tobacco-chewing unionist because he had ridden on a street-car then under disapproval, while a policeman viewed the occurrence unmoved. It told how the deplorable conditions were hushed

by a mistakenly loyal press for fear they would hurt the city in the eyes of the outside world. Citizens who ignored union edicts were annoyed by having "filth" put in their milk bottles on the door-steps or thrown on ladies' dresses. Car tracks were soaped and passengers shot at — some were killed. Employers were being goaded into concerted action, threatening the discharge of every union man, with wholesale stopping of industry if the tyranny continued.

It often seems as if there were a sad lack of pluck in those of comparatively decent nature. If persons with property, position and control of employment, submit to such domination, they deserve more or less insolence and aggression — since they invite it. It is not necessary to assume that those fighting the unions are spotless, but let each class try to cure the errors of another by legitimate means rather than increase the evils of the situation by use of measures that are plainly despicable.

"A man who invented a sewing machine — long ago, before the thing was perfected — was told by his wife that he would put poor sewing women out of work and he was persuaded to break up his model. As a matter of fact the sewing machine employs now ten women for every one that formerly worked with the needle. Clothing is made cheaper for all, and the machine workers are far better paid than the needle workers. Waste of human labor is always a crime. To have three men doing the work of one is a tax on all the people, for, as we know, they pay all the bills in the end. The labor union man or other who thinks it is a good thing to prevent

economy in labor is simply dull minded. He knows nothing about the interests of his own class or of the people generally."

From what capitalistic sheet do these anti-union words emanate? They are in the editorial column of the *Boston American* for March 6, 1907 — in one of the Hearst newspapers! It is certainly time that the laborers accept the truth when it has convinced their own accepted expounder.

Trusts. (*See pages* 97-111.)

The great producing corporations have simply followed the lead of the railroads. Steam transportation started with a lot of small systems, not always connected or of similar gauge. Passengers were forced to change cars frequently in going short distances and the methods were unsatisfactory and irritating. Control gradually concentrated until long stretches were under single supervision. Then came the era of parallel lines, followed by more absorption, working agreements, cross ownerships, etc. We had hundred-million-dollar corporations owning railroads long before the coming of the manufacturing trusts.

There are fifteen railroads to-day which average a stock capitalization of about $350,000,000, each, to say nothing of their bonds which average more. The present market value of the stocks usually averages considerably above par. Some sell at times to net only two and a half per cent. The solid railroad investment stocks rarely net above three and a half per cent.

We have also to-day fifteen important trusts which average about $200,000,000 each in stock

valuation. These fifteen happen to have but few bonds in addition. The leading sixty industrials average about $70,000,000 each of capitalization including their bonds. The stocks of the first fifteen average to sell above par in an average of years and pay much higher dividends than the railroads. It is believed that the common stocks, or perhaps half the stock represented originally, had no tangible assets back of them. The older trusts have undoubtedly accumulated surplus which does now give some tangible backing.

Tariff. (*See pages* 111 - 129.)

The Statistical Abstract for 1905 shows that in 1904 customs receipts were over $261,000,000, being larger by over $17,000,000 than the internal revenue receipts. In the customs duties on food and live animals, the total receipts were over $66,000,000, sugar and molasses furnishing the chief item with over $51,000,000. Fruits and nuts constituted the next largest item, over $5,000,000; fish was the next largest, about $1,500,000. The customs receipts on articles in a crude condition amounted to nearly $25,000,000, wools furnishing over $16,000,000, and hides and skins over $2,000,000. In customs receipts on articles for use as materials in manufacture, the total was over $18,000,000, chemicals furnishing over $5,000,000; tin plate, iron ore and steel over $4,000,000; cotton, silk and wool manufactures over $2,000,000.

In manufactured articles, the receipts were nearly $73,000,000, with flax and hemp manufactures nearly $15,000,000, cotton manufactures over $10,000,000, wool manufactures over $16,000,000, pottery

nearly $7,000,000, glass manufactures over $3,000,000, and leather manufactures over $3,000,000.

Under the head of luxuries, the receipts were nearly $76,000,000, with tobacco furnishing over $22,000,000, silk goods over $15,000,000, cotton goods over $15,000,000, liquors and wines over $12,000,000.

The changes of note in the last few years are a perceptible reduction in customs receipts on rice, sugar, vegetables and lead; and a perceptible increase in receipts on breadstuffs, wood pulp, wool, straw goods, wool dress goods, silk dress goods and furs.

The imports and exports for 1905 (year ending Jan. 1, 1905) were both the largest on record. The excess of exports over imports was about $400,000,000, which is below the average of the last ten years inclusive, this excess reaching over $664,000,000, in 1901. In the ten years from 1886 to 1895, inclusive, however, the high mark was in 1894, with only $237,000,000 excess, and there were three dates, namely, 1888, 1889, and 1893, in which there was an excess of imports over exports.

The balance of trade is the pendulum of finance, swinging toward prosperity or disaster as it carries the balance to either side. We can easily understand that the trade of a small town languishes if its citizens buy in the neighboring city and the same is true of wider applications. Ireland might have equalled England in progress, had not too much of the earnings of its people been spent in London.

As an example of the utter ignorance of well educated men on certain practical matters I quote from one of the most widely read family papers —

the *Saturday Evening Post* — which, in a midsummer issue of 1907 said: —

"Last year the government collected eighty-seven million dollars more than it needed. One-half the revenue was derived from the tariff, which produced a hundred millions more than in 1900, two hundred millions more than in 1894. If duties had been horizontally reduced twenty-five per cent, with the same imports the government would still have had all the revenue it required."

But what is to keep the imports the same? Reduce the tariff on any article, which is now paying revenue and thus proving that it can compete in our market, and the importations will naturally increase materially with a lowered duty. Were the present duty forty per cent and it were reduced to thirty, it would mean that the foreign producer would have an advantage of ten per cent over a competitor here whom he was already defeating in part. Imports might increase a hundred per cent under such conditions — perhaps even more. Twice thirty is fifty per cent more than forty. Not only might the government be embarrassed by greater surplus under such a remedy but a lot of American producers would be thrown out of work. The only way to be sure of reducing revenue is to put articles on the free list — but no article may be legitimately free from tariff while any article of its composition pays revenue. This ethically limits the free list to raw materials, or similarly simple products.

Expenditure. (*See pages* 130-145.)

To understand how the expenses of an average family are divided, we can refer to the Bulletin of

the Commissioner of Labor, published in 1903, which gives investigations of some 25,440 American families, covering 33 states and limited to those with less than $1,200 of income.

The average income per family was $749.50, including receipts from boarders and wages of children. Those without either boarders, or children at work, averaged $650.98. The expenses of 2,567 families, with an average expenditure of $768.54, showed as follows:

Food	42.54	per cent
Clothing	14.04	"
Rent	12.95	"
Miscellaneous	5.87	"
Fuel	4.19	"
Investments in mortgage payments and life insurance	3.59	"
Furniture and utensils	3.42	"
Liquor and tobacco	3.04	"
Books, newspapers and amusements	2.69	"
Sickness and death	2.67	"
Taxes, interest on mortgages and property insurance	1.47	"
Lighting	1.06	"
Religion	.99	"
Club and lodge dues	.67	"
Labor Union dues	.50	"
Charity	.31	"
	100.00	

It is interesting to note the difference in customs between those of different parentage and different locality. Those of Scotch ancestry spent the most

for food, of French the most for rent, of Dutch the most for fuel, of Welsh the most for clothing. The husbands of Georgia spent the least for clothing — $18.20 per year on the average — but the wives of Tennessee averaged only $10.75. The Californians averaged $28.35 in labor dues and the West Virginians $17.90 for religious purposes. Missourians spent the most on amusements, $50.92 per family, while Minnesota averaged $47.47 for sickness and death.

It must be understood that the families selected were of a respectable class, so that the expenses do not include a proper share of the nation's liquor bill. It is probable that the larger proportion of liquor expense is paid by those who do not live with families.

It seems hardly pertinent to suggest economies to those who clothe whole families on $100 per year, but these expenses are larger than those of any similar class of family in any other country on the globe, and there is plenty of waste within this moderate scale. A special investigation as to the expenses of a still poorer class in the District of Columbia as shown in Labor Bulletin No. 64, shows that they lost from 33 to 66 per cent of value by buying fuel in small lots; 100 per cent by buying furniture on the installment plan; borrowed money from loan companies at rates as high as 150 per cent and universally paid for life insurance, on which in the majority of cases they let the policies lapse. Their food was made dear by the piece-pay plan — ten cents for a can when they sell three for a quarter, etc. The only way in which they could possibly profit by such wasteful systems is by not

paying their bills, or decamping with the goods on which loans were made, or payments still due.

The gradual increase of expenditure for non-essentials is proved by undeniable statistics. The consumption of alcoholic beverages in the United States for comparative periods is said to be as follows:—

Beer,	16.8	gals.	per	head	in	'07	against	14.6	in '01
Spirits,	1.26	"	"	"	"	"	"	1.13	"
Wine,	.43	"	"	"	"	"	"	.32	"
	18.49							16.05	

An increase of fifteen per cent in five years is most significant, especially in view of the great spread of prohibition in the South. Remembering how unusual it is for women and children of this country to consume such beverages and also remembering our large fraction of non-drinking males, it seems safe to say that this total is nearly all consumed by one quarter of the whole population, or about 21,250,000 people in 1907. Multiply the total by four, then, to get the individual average of this quarter, and we would have a total of about 74 gallons each per year, or not quite a quart each per day. Average the cost to the consumer at twenty-five cents per quart — remembering its component parts, — and we have an average annual cost of $74 each for the drinkers. This tallies very closely with the assumed cost of alcoholic drinks for the nation — $1,500,000,000 per year. This does not include patent medicines, which are mostly disguised alcoholic beverages, it does not include tea and coffee. People that can

afford such personal luxury can hardly appeal to the sympathies.

Savings. (*See pages* 146 - 148.)

There have been majorities in all times which would not acquire property, no matter what they earned. Those of moderate income, who do save, give better chance for comparison. The savings-banks of 1850 had only $43,431,130 of deposits and there were no life insurance or building fund assets of importance. In 1905 the savings-bank deposits were some $3,000,000,000, life insurance assets $2,500,000,000, and building fund loans $600,000,000. Here is a total of 6,100 millions against 43, to say nothing of the known increase in small ownerships of many other kinds of property. The wealth of the whole country in 1850 was officially given as $7,145,780,000 or about $308 per capita. It was assumed to be $1,325 per capita in 1905, showing an increase of less than five times. This is so small in comparison with the savings funds increase as to prove incontestably that the moderate property holders must have accumulated far more in proportion than the large property holders. As a matter of fact, we have developed this class of moderate property holders within recent years. The stocks of our large corporations are so scattered as to show thirty and forty thousand names at times on their lists of stockholders.

Currency Reform. (*See pages* 152 - 157.)

" The Sub-treasury has gone on in this work of accumulation, increasing week by week its cash

holdings at the expense of bank reserves, until it had in Treasury vaults on September 1, 1906, $346,664,328, against $303,769,532, on the same day of 1905." — *The Commercial and Financial Chronicle.*

And that paper was bitterly critical of the conditions! Call money reached fifty per cent in that same month after the above was written. In November, 1907, the treasury surplus had been practically all deposited in the banks, and emergency notes amounting to $100,000,000 additional were offered for purchase, though the government itself did not need the money. Is it not evident to all thinking men that our present currency system makes interest rates depend largely upon the generosity of the Secretary of the Treasury, who may unconsciously favor either bullish or bearish speculators according as pressure accumulates?

The author outlined his suggestion for new currency based on Railroad Construction Bonds in a pamphlet circulated in December, 1907, but he did not copy the wording of similar paragraphs in this book. These were left herein as first written, for they were written before the panic and antedated the necessity.

That others agree with the author's criticism of the present currency system is shown by the speech of Congressman Fowler, chairman of the House committee on banking and currency, Dec. 10, 1907, who said:

"Can any man, any honest, intelligent, fair-minded man deny that there must be something radically wrong, disastrously wrong, with our present currency making devices . . . Are we such

business fools, such economic idiots, such political cowards, that we will not move even though the heavens fall? . . . The greater our crops and prosperity, the greater our danger and the more imminent our ruin."

Destroying Confidence. (*See pages* 168-169.)

In the recent muck-raking saturnalia the tactics of the sly Chinese found favor, since it was remembered how they used to create terror and confusion by hurling fragile jars of horrid stinking compounds. Magazines and weeklies openly attacked the most prominent, preferring charges that should have resulted in extremes of penalty were proof obtainable. State and nation set legal ferrets at work and for several years we had a surfeit of investigation, examination and yellow-press hysterics.

And what is there to show? — Who went to jail? — Who *paid* a fine? One or two died of mortification, one or two nervously perspired, and a few swollen veins leaked slightly under pressure. We learned what all of us should have known; namely, that many will steal if not watched — but why should we not have watched?

If those who lead to war delight in the boom of the gun and the belch of the smoke rather than in the quiet thud of the shot hitting home, they will run up an awful expense for powder, re-assure the enemy and swell the ranks of the ridiculous. Suppose that instead of incommoding the enemy the shell and shrapnel scatter havoc in the camps of the non-combating?

The campaign has been fruitful if not exactly

satisfactory. It has given us a shrinkage of several billions in the values of our property, spread a common distrust, successfully halted enterprise, increased class hatred and definitely created a lack of confidence in the stability of our republican institutions.

Public Ownership. (*See page* 177.)

In 1904, the net income of the railroads of the United States, as per U. S. Abstract for 1905, was: $278,785,926 (see page 560 of abstract); the interest and dividends were $222,056,595, surplus, $56,-729,331.

The interest on the bonds and the debt averaged 3.78 per cent.

The interest on the stock averaged 3.31 per cent.

A majority of the railroads in the country paid no dividends till 1901.

The average passenger receipts per mile were 2.05 cents.

The average freight receipts per ton mile were .79 cents.

The capitalization and other liabilities were $14,-095,505,114.

The gross receipts were $1,977,638,713.

It has been asserted that the actual cost of these railroads was more than the total liabilities. Even were it considerably less, there is no evidence of great profit to owners in view of the fact that these figures of profit for 1904 are highly favorable as compared with average years.

A comparison of figures published in 1903 gave our average freight receipts per ton mile as .729

cents against an estimate of 2.32 for England, 1.42 for Germany and 1.16 (the lowest in Europe) for Belgium. This was accomplished in spite of the longer distances travelled and the higher wages paid. Track laborers in the U. S. were said to be getting $1.17 per day on the average, against $.71 in England, and $.29 in Russia. Our enginemen got an average of $4.01 per day against $1.01 in England.

Now if public ownership is to control, it should certainly pay the debts, give par for most of the bonds and a fair figure for the stock which is largely held by innocent investors. Government bonds must be issued to raise the money and they would probably have to pay five per cent (or more) if issued by a government that was under socialistic control. Government employment would probably introduce eight hour service or less for employees, and they would certainly all expect to earn at least $2 per day when working for the government. There would be a tremendous pressure brought to reduce passenger rates and more frequent train service would certainly be demanded. Politicians would favor branch roads to small towns. It is said that there is a great waste in extravagant railway stations under the government management of New Zealand. The inevitable result would be greater cost and more taxes. It would not be long before the burden of cost came directly upon the people as a whole.

Lack of Track. (*See pages* 178 - 179.)

The Governor of Massachusetts in August, 1907, stated: —

"The crying evil in Massachusetts is lack of

sufficient trackage on trunk lines to handle through freights and to provide for even more shipments when we do or can get such shipments. It may not be generally known to the people of the Commonwealth that in the last ten years between 1896 and 1906, an addition of only ten miles of a third track character, of only seventeen miles of a fourth track character, have been added to the steam trackage of Massachusetts. Only 217 miles even of sidings of different kinds have been added in ten years."

But the Governor did not seem to lay blame on the law which had hedged in railroads with annoyances; he came out against the very plan by which a great railroad proposed to join tracks with an absorbed road to furnish better facilities. Put a tight collar on a dog and then wonder why he chokes! The evident remedy is to pull the collar tighter — he will soon stop struggling.

Retail Profits. (*See pages* 180 - 191.)

Colliers Weekly for May 11, 1907, says: —

"There are about two thousand retail druggists in Greater New York. Their average profits must be very low — five thousand dollars a year would doubtless be too liberal a maximum for all of them, or for any retail line."

Yet these low profits at the assumed figure mean $10,000,000 added to the prices paid to the consumers, not counting the expenses of running the stores. Referring to a special case the paper states: —

"The gross annual turnover did not reach ten thousand dollars, and profits were not much over thirty-five hundred dollars."

"*Not much over*" — thirty-five per cent of profit — and this thirty-five per cent not including other costs to be added! Were there a drug trust which made a wholesale profit of ten per cent on its products, what a howl would arise — but here are profits of thirty-five per cent for mere handling of goods, spoken of deprecatingly!

Possible Perfection, (*See page* 205.)

It has been declared by one in high place that if business conflicts with righteousness, business must go to the wall. This certainly signifies that only the perfectly pure shall exist — but how can we learn to improve if we are ruthlessly cut short? Is it sensible to suppose that anything can be perfect from the start or that anything under human control can ever escape association with human error? It were as sensible to kill all children because they soil their clothes or burn all the dwellings that illustrate incorrect ideals in architecture.

It is unwise to direct an excess of criticism against the men who are *producing results.* It is only through business that the increasing population of the world can possibly have food and clothes in sufficient quantity. There is always an open chance for those who sit and criticize to take hold and show us how to do things better.

American wealth producers are getting somewhat restive under the present glaring search-light of publicity which provides a convenient shade for others not outlined in the rays. We have our faults, but they are common faults — creations of circumstances for which the higher critics may be them-

selves responsible. Some of us were distinctly amused recently to receive a circular letter authorized from a department under direct supervision of an intimate friend of the most high, advising us, in plain, unmistakable terms, to practise bribery and corruption in a special field where our foreign competitors had established the custom. I have no malice at heart and no desire to stir contention within the circles of a certain happy family by more explicit reference. I also have a certain obligation in receiving a communication marked "confidential," but as one of the class now under suspicion — as an American business man — I claim the right to reply to insinuations against the type as a whole, if reply continues a necessity. I think it were preferable, however, if we all were to stop the digging up of dead dogs and pay more attention to the building up of the values shattered by the recent faltering of confidence. We must eliminate fear from the fearful and give hope to the hopeful — most essential of all, protect ourselves against the errors of adversity by strengthening the very foundations of our finances and our trade.

We have heard a weary repetition of the asseveration that investigation is only directed against criminals, but the hired sleuths are too eager for fame and annoy more than they convict. I was personally called as a witness in a government suit where reputable business men were accused, and where after long delay, much worriment and large expense the judge advised the government attorney to withdraw the suit in view of the utter lack of proof and the utter lack of intent to either break or evade law on part of the accused.

As a final word, I would beg those disposed to be critical of style, or manner, or detail of construction, in this book, to remember that I am a fully occupied man of affairs, away from home a good part of the time and having chance to write on general topics only in the few home evening hours that can be spared for the purpose. It is difficult to write smoothly and follow all the rules of composition under such erratic application. The very reason for writing under such circumstances is found in the fact that similar restrictions prevent others in my class from expressing themselves at all. I feel that we have an experience that has value and an importance that may claim a hearing. I am not sure that I always represent the personal views of associates, but I think I may represent the views that associates might readily adopt should they have spent equal hours in similar study and reflection.

And I would ask those same associates — if they do concur in any of these views — to assist somewhat in a general enlightenment of the people by discussion, if nothing more. We may not assume that others will fight our battles for us — we are not used to assistance. I realize that I may have offended some in criticizing whatever has seemed to merit criticism, even those of my own class at times; but I have tried to be fair with all for I know that no book can live which is not impartial — not honest. Those who wish for flattery rather than facts are easily gratified elsewhere.

In attempting to cover so much ground within one small volume it is necessary to trust the readers' intelligence to draw obvious conclusions and supply associative deductions. It is not from lack of reflec-

tion that certain sections are short and certain comment rather curt. Condensation seemed necessary in order to arrive at the logical conclusion without wearying the reader. Careful consideration is so uncommon in these days of rush and mental strain that I trust that those disposed to differ on first reading will kindly retrace to note whether their particular objections may not have been anticipated by reference or explanation originally overlooked. When one has conscientiously given years of thought and research to solution of problems it is dispiriting to have them disavowed in a momentary consideration. The writer only asks that this work be read as seriously as it was written. The subjects considered are certainly worthy of serious thought.

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